



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Mitt Romney, Governor ♦ Kerry Healey, Lt. Governor ♦ Jane Wallis Gumble, Director

GRANT ALERT

FY 2004 MASSACHUSETTS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

HOUSING DEVELOPMENT SUPPORT PROGRAM (HDSP)

NOTICE OF INTENT TO APPLY

The Housing Development Support Program (HDSP) provides federal Community Development Block Grant funds, usually in conjunction with other public and/or private resources, for the creation, preservation, and improvement of affordable housing. Any city or town not designated as an entitlement community by the U.S. Department of Housing and Urban Development (HUD) may apply for HDSP funding.

Communities must submit a Notice of Intent (NOI) in order to apply for HDSP funds. The NOI must be submitted under signature of the community's Chief Elected Official.

The NOI provides essential information about the project and confirms its consistency with HDSP eligibility requirements. HDSP staff will review NOIs, and an initial informational meeting will be scheduled with the community. Following the initial meeting, the applicant community will be notified in writing if it will be invited to submit an application and if any additional information is needed. If, on the basis of the initial meeting, the community is not invited to submit an application, such notice will detail the reasons.

The NOI must be received by DHCD at least seven (7) weeks prior to the application due dates. For FY 2004 HDSP applications must be received by DHCD no later than **Thursday, September 25, 2003** for the first round of FY 2004 funds, and **Thursday, March 18, 2004** for the second round.

Applications are due by 5:00 PM or the end of business day on **Thursday, November 13, 2003** for the first round of FY 2004 funds, and **Thursday, May 6, 2004** for the second round.

Before submitting an NOI, communities should *review the complete HDSP guidelines @ www.mass.gov/dhcd* in the Draft 2004 Mass. CDBG One Year Plan. You are also encouraged to *contact HDSP staff at 617-727-7001 ext. 431 or 432.*

Please submit your Notice to:

Department Of Housing And Community Development
Housing Development Support Program - Division Of Municipal Development
One Congress Street, 10th Floor, Boston, MA 02114

City/Town of _____

Contact (name/title/address/phone): _____

Name of Project: _____

Signature of Chief Elected Official: _____

Date: _____

1. Briefly describe the proposed project. Include specific information concerning project size, type, low/moderate income benefit and affordability terms.
2. Is there a need and a market for this project?
3. What are the total estimated project costs? What is the source of the estimate?
4. Identify all proposed sources and uses of project financing. What is the status of the proposed financing and the estimated timeline for securing the financing?
5. Identify the specific use proposed for HDSP funds and the procurement/contracting process to be followed.
6. Discuss the status of the proposed project(s). Describe steps necessary for project completion, and timetable for completion of major steps. Please identify all permits and approvals required for implementing the proposed project and anticipated timetable for their approval. Also, please identify any potential obstacles to the project completion, and how they will be resolved..
7. Does the developer currently own/control the site? If not, when will site control be achieved?
8. Identify all known project participants, including owner/developer, development consultants, HDSP grant manager, and their respective roles.

ADDITIONAL INFORMATION

(For a complete, detailed program description, guidelines, and requirements, please refer to the FY 2004 One Year Plan.)

HDSP funding is generally limited to projects containing fewer than eight units. NOTE: Housing projects serving persons with special needs, and single-room occupancy (SRO) projects may exceed the seven-unit limit. Project grant amounts are limited to a minimum of \$100,000, and a maximum of \$500,000, plus administrative costs.

For most projects, all state and federal grants combined for most projects shall not exceed 75 percent of total actual project costs. Please note that projects exclusively benefiting special-needs populations may qualify for up to 100 percent of total actual project costs. The Director of DHCD may waive the 75% criterion if circumstances so warrant. Prior consultation with HDSP staff is required prior to requesting a waiver.

Projects of up to 10 units involving the conversion to housing of upper story space in downtown buildings and other adaptive reuse proposals may apply for up to \$750,000 plus administrative costs. Each project will be evaluated for consistency with and by the extent to which Sustainable Development principles are addressed.

Projects receiving funding from any source administered by DHCD's Division of Housing and Development (formerly Division of Private Housing) are excluded from applying to HDSP.

DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.

Typical project activities include:

- the conversion of under-utilized or obsolete structures to housing, including the creation of upper story housing units in downtown mixed-use buildings;
- moderate and substantial rehabilitation and new construction (within HUD restrictions) of residential and mixed-use structures;
- conversion to housing of obsolete and underutilized structures such as vacant school and mill buildings.
- elderly transitional and special needs housing;
- reclamation of abandoned and/or foreclosed properties; preservation of "at risk" affordable housing; and
- acquisition, site preparation infrastructure, and demolition supporting affordable housing.

All HDSP projects must comply with the low- and moderate-income National Objective. The requirements set forth in Section D: *APPLICANT/PROJECT THRESHOLDS* in the One Year Plan will govern application review and awards.

Applications will be scored on a 100-point system as follows:

CRITERION	POINTS
Affordability	20
Readiness to Proceed	30
Development Team Capacity	10
Site and Design	20
Cost Effectiveness	15
Sustainable Development	5
Total	100

Applications must receive a minimum of 70 points to be eligible for funding.

FEDERAL FY 2004 APPLICATION

MASSACHUSETTS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

HOUSING DEVELOPMENT SUPPORT PROGRAM

GENERAL INFORMATION ABOUT THIS APPLICATION

Each year, Massachusetts receives Community Development Block Grant (CDBG) funds from the federal government. These funds, known as Mass. CDBG, provide communities throughout the Commonwealth with resources to implement a vast array of community and economic development projects. The Massachusetts Department of Housing and Community Development (DHCD) administers these federal funds and offers different programs targeted to address community and economic development needs.

This Application is for the following Mass. CDBG program component:

- Housing Development Support Program

The program eligibility and threshold details contained in DHCD's federal FY2004 Draft One Year Action Plan follow this introduction page. The necessary application materials are contained in the sections which follow the One Year Action Plan.

In addition to the programs contained in this application, Mass. CDBG also has the following programs: (1) Community Development Fund I and II, (2) Massachusetts Community Capital Fund, and (3) the 108 Loan Program. Applications for these programs are not provided in this document. However, information about these programs is contained in the federal FY 2004 Draft One Year Action Plan.

This document can be accessed from the Massachusetts Department of Housing and Community Development's Home Page. The document may be downloaded in an MS WORD 6.0 and Adobe 3.0 format. The internet site is: www.mass.gov/dhcd

Mass. CDBG welcomes phone inquiries at any point in application development. Our phone number is (617)727-7001, ext. 431 or 432.

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DRAFT

One Year Action Plan

FY 2004

Massachusetts Community Development Block Grant Program

August 2003



Commonwealth Of Massachusetts

Mitt Romney, Governor

Kerry Healey, Lt. Governor

Department of Housing and Community Development

Jane Wallis Gumble, Director

FY 2004 Draft One Year Plan - Preface

The U.S. Department of Housing and Urban Development (HUD) requires the Commonwealth of Massachusetts, and all other Formula Grantees, to prepare a Five Year Consolidated Plan. The state's Consolidated Plan sets forth long term priorities for the use of funds received from HUD's Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs, and from other state and federal sources.

During the development of the FY 2000 - FY 2004 Five Year Consolidated Plan the Massachusetts Department of Housing and Community Development (DHCD) outlined the anticipated timetable for its competitive CDBG grant rounds (CDF and HDSP) for fiscal years 2000 through 2002. In accordance with the Five Year Consolidated Plan, the application deadline schedule for FY 2001 and FY 2002 was accelerated. Three grant rounds (FY 2000 – FY 2002) were scheduled for a 13-month timeframe that usually accommodated only two competitive grant rounds. The reason for accelerating the timetable was to help address timely expenditure concerns of the U.S. Department of Housing and Urban Development. DHCD has now reestablished annual CDF and HDSP application deadlines for FY 2004 and beyond.

Preparation of the Massachusetts CDBG One-Year Plan and Application is again taking place in advance of the overall One Year Plan development schedule that incorporates the HOME, ESG and HOPWA programs. DHCD will hold informational sessions on the Draft CDBG One Year Plan in September 2003, and will hold formal public hearings on the overall One Year Plan later in the fall of 2003.

The following summarizes proposed changes and clarifications in this Draft FY 2004 CDBG One-Year Plan.

Highlighted Clarifications/Proposed Changes in Draft FY 2004 One-Year Plan

- DHCD has proposed a new formula for determining the Community Wide Needs (CWN) score, and has prepared a new chart with each community's new score. The CWN score establishes a municipality as either a CDF I or CDF II community, and is a contributing factor for designating Mini-Entitlements. The CWN score therefore determines the CDF component to which a community may apply. Communities with a CWN of 18 or greater may apply to CDF I. Communities with a CWN of 17 or less may apply to CDF II.

The CWN score also makes up 25 of the 100 points used to score CDF I applications. The new CWN scores, and the indicators used to determine the scores, are found in Exhibits at the end of this Draft One Year Plan.

- DHCD is in the process of evaluating the Mini-Entitlement Program and its continuation beyond FY 2004. As a result, all FY 2003 Mini-Entitlements will be held harmless and will be eligible for up to \$600,000 in FY 2004.
- In response to comments that larger grants are needed to keep pace with rising costs, the maximum Community Development Fund (CDF) grant awards have been increased to \$800,000.

- DHCD will fund projects that are consistent with the sustainable development principles listed in Exhibit 5, and will score projects on the degree to which the project is consistent with those principles.
- DHCD will no longer score projects on the degree to which a project addresses the purposes of Executive Order 418, but will continue to offer bonus points to communities certified as being in compliance with EO 418.
- As forewarned in the FY 2003 One Year Plan, DHCD will require design development drawings for all FY 2004 public facilities and architectural barrier removal projects.

Additionally, in an effort to further reduce uncertainty in construction project planning, and to allow for improved accuracy in cost estimating and project timeline planning, beginning in FY 2005 DHCD will require bid-ready plans and specifications for all public facilities and architectural barrier removal projects.

DHCD encourages communities to apply for planning funds to prepare full bid-ready plans and specifications for eligible public facilities and architectural barrier removal projects. Beginning in FY 2005, communities will be able apply for funds for architectural/engineering plans and specifications for such projects, or for construction, but not both in any one CDF application.

- A community may receive no more than one Ready Resource Fund grant award in any fiscal year.
- There is a minimum grant amount of \$20,000 for planning-only grants in CDF and in the Ready Resource Fund (RRF). There is a \$50,000 cap on all planning grants in an RRF application. This maximum amount is inclusive of planning-related general administration costs.
- CDBG-assisted senior center projects funded in FY 2003 or later may not receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date.
- As of FY 2003 DHCD no longer requires that Public Social Service activities have a case management component. However, DHCD continues to encourage communities to select social service activities that reflect real needs and either complement or coordinate with non CDBG-funded services.
- DHCD will not award funds to any community for the same activity in more than one CDF application during any one Mass CDBG federal fiscal year. A community may apply in either one individual CDF application, in one joint application, or in one of each. However, if a community applies to CDF in both an individual and in a joint application, the community may not undertake individual activities in the joint application.
- Slum/blight National Objective policy and related programmatic changes and clarifications:
 - in order to define an area as blighted a minimum of 25% of the buildings in the area must be considered deteriorated – all buildings characterized as ‘poor’ or

'fair' in an inventory (using DHCD's sample set of definitions with poor, fair, good, excellent categories) will be considered 'deteriorated' and count toward the 25% required to define an area as blighted;

- alternately, deterioration of public improvements may also be used to define an area as blighted, using HUD language "general state of deterioration";
 - once approved by DHCD in FY 2003 or later, an inventory and target area will be valid for five years for National Objective threshold eligibility;
 - the community development strategy (see page 6) submitted by applicants seeking downtown related projects funds must contain a downtown or commercial area revitalization element;
 - the packet for downtown related projects has been amended to award higher scores for activities more directly addressing the blighted conditions of a target area.
- The 15-year affordability requirement remains for housing related projects. Rehabilitation assistance for owner-occupied properties must be secured by a mortgage on the subject property that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years - or as long as the loan is outstanding. Rehabilitation assistance for investor-owned properties must be secured by a mortgage, and the affordability requirements must be secured by an Affordable Housing Restriction [provided by DHCD] on the subject property that runs with the land, and that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years. "Owner-occupied" is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered "investor owned."
- The unit maximum for HDSP has been increased from 7 to 10 units for projects involving conversion of upper story space in downtown buildings and other adaptive reuse proposals. Applicants proposing such projects may apply for up to \$750,000 to cover increased project costs triggered by Davis-Bacon, plus reasonable administrative costs.
- For all Mass CDBG components an applicant must meet the timely expenditure threshold requirement at the time of application. **DHCD no longer accepts waiver requests for the timely expenditure threshold.**
- Joint applications must show in the budget page how the grant funds will be allocated to each participating community.
- Application due dates are proposed as follows:
CDF: Due Thursday December 11, 2003
Mini-Entitlement: Due Thursday December 11, 2003
HDSP: Round 1 Notice of Intent due September 25, 2003, application due November 13, 2003
Round 2 Notice of Intent due March 18, 2004, application due May 6, 2004
- Ready Resource Fund, MCCF, Section 108 and Bridge Financing have rolling application deadlines.

<p style="text-align: center;">MASSACHUSETTS CDBG DRAFT ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2004</p>

INTRODUCTION:

This Draft One Year Action Plan describes the proposed use of Community Development Block Grant (CDBG) funding received by the Commonwealth of Massachusetts. The CDBG Program is a significant source of federal funding administered by the Department of Housing and Community Development, supporting a variety of community development efforts to revitalize our communities, meet the housing and service needs of our low and moderate-income population, build and repair infrastructure vital to the health and safety of residents, and support business development and retention. The One Year Plan addresses the basic features of the state's CDBG program, the applicable federal regulations and requirements governing state and local administration of this program, and the state's policies, administration responsibilities, and description of the program components.

In its administration of CDBG funding, DHCD is committed to:

- Programs and funding that primarily target populations of low- and moderate-incomes and those with special needs;
- Coordinated, integrated and balanced agency responses to address the needs and interests of communities;
- Programs and technical assistance designed to facilitate informed decision-making about community development opportunities at the local level, and to encourage self-sufficiency of residents and communities; and
- Sound business practices that ensure the highest standards of public accountability and responsibility.

The One Year Action Plan is divided into the following sections:

SECTION	A.	Massachusetts CDBG Priorities
	B.	Eligible Municipalities
	C.	Eligible Projects/Use of CDBG Program Funds
	D.	Applicant/Project Threshold Criteria
	E.	Allocation of CDBG Funds to the Commonwealth
	F.	Availability of CDBG Program Funds
	G.	Evaluation Criteria for All Program Components
	H.	Program Sanctions
	I.	Citizen Participation Requirements for Applicants and Grantees
	J.	CDBG Program Components (description)

<p>A. MASSACHUSETTS CDBG PRIORITIES</p>
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The Community Development Block Grant (CDBG Program) was authorized by Congress, and is funded under Title I of the Housing and Community Development Act of 1974, as amended. The Commonwealth of Massachusetts has designated the Department of Housing and Community Development (DHCD) as the state's administering agency for CDBG funding. The primary objective of the federal statute creating the CDBG Program is: "...to

develop viable, urban communities by providing decent housing and suitable living environment and expanding economic opportunities principally for low- and moderate-income persons.” DHCD will fund eligible projects designed to meet this objective, and that are consistent with the Commonwealth’s sustainable development principles listed in Exhibit 5. DHCD encourages:

- development and preservation of affordable housing;
- proactive and coordinated planning oriented towards both resource protection and sustainable economic activity;
- downtown revitalization that is integral to community development; and
- broad local participation in meaningful community-based planning that assesses needs and identifies strategies for addressing those needs.

The Act requires that at least 70 percent of CDBG assistance shall be used to support activities that directly benefit low- and moderate-income citizens of the Commonwealth.

In addition, the Massachusetts CDBG Program encourages joint or regional applications so that program funds will be used to benefit a greater number of municipalities.

B. ELIGIBLE MUNICIPALITIES

There are 351 municipalities incorporated in Massachusetts. The U.S. Department of Housing and Urban Development (HUD) has designated 35 as CDBG *entitlement* communities; in general, these communities exceed 50,000 in population and receive CDBG funds directly from HUD. Any city or town **not** designated as an entitlement community by HUD may apply for and receive Massachusetts Community Development Block Grant funds. (Refer to Exhibit 1 for a listing of Massachusetts’ entitlement communities.)

C. ELIGIBLE PROJECTS

The following projects are eligible for funding under the Massachusetts Community Development Block Grant Program:

- planning;
- housing rehabilitation and creation of affordable housing;
- economic development projects which create and/or retain jobs including awards to existing regional entities for regional economic development loan funds;
- efforts directed toward rehabilitation and stabilization of existing neighborhoods, commercial areas and downtowns;
- infrastructure;
- construction and/or rehabilitation of community facilities; and
- public social services.

DHCD has designed several Massachusetts CDBG program components to fund such projects. Each program component responds to particular community development needs. The rules and program guidelines are set forth in Section J: *PROGRAM COMPONENTS*.

LIMITATIONS ON USE OF PROGRAM FUNDS

- **Buildings used for the general conduct of government** - Assistance related to buildings used for the general conduct of government is specifically excluded from the program by federal statute, except for the removal of existing architectural barriers to improve handicap access. Such work is permitted on municipal buildings such as city or town halls, public works structures, public safety buildings, etc.
- **Public Social Services**
 1. Public Social Services projects are not eligible as a "stand-alone" application under Community Development (CDF) I and II and Mini- Entitlement grants.
 2. Public Social services cannot exceed 20% of a CDF I, CDF II, or Mini-Entitlement grant. (Note: The 20% limit does not apply to social services designed and provided solely to support micro-businesses, or public social services that increase employment through job training or other related activities when carried out by eligible non-profit development organizations.)
 3. Communities must demonstrate that, in accordance with Section 105(a)(8) of the Housing and Community Development Act, proposed social service activities have not been funded by the community using municipal and/or state funds within 12 months prior to the application.
 4. DHCD will fund public social service projects that are not provided by other state or federal agencies, or are currently provided but are not available to CDBG-eligible residents in the applicant communities.
- **Downtown related projects**¹ - Communities may apply for funds for downtown related projects under CDF I, CDF II, and the Mini-Entitlement Program. Conditions listed below apply to CDF I, CDF II, and the Mini-Entitlement Program.
 1. DHCD may fund projects that support physical downtown and area revitalization efforts, however communities may apply to Mass CDBG for downtown related projects in their downtown or commercial target areas only if a) they have satisfactorily demonstrated to DHCD that the proposed project is located in an area meeting National Objective requirements set forth in the Application Guidance on Threshold Questions, and b) their community development strategy (see page 6) contains a downtown or commercial area revitalization element.
 2. If a community applies for a downtown related project without an inventory (the inventory must include both buildings and public improvements) or any other required submittals, the application packet for that project will not be reviewed.

¹ Downtown related projects may include facade/sign programs and streetscape improvements, but does not include traditional municipal functions such as repairs to, or replacement in-kind of infrastructure.

3. Once an inventory for a defined target area is approved by DHCD, that area will be deemed as meeting the National Objective requirements for a period of five years from the date of DHCD approval.
4. CDBG funds **cannot** be used to fund overhead costs or management salaries related to the operation of a downtown organization, nor can they be used for any organizational development for a downtown organization or committee.

▪ **Housing Activities**

15 Year Housing Affordability Term – In an effort to increase the supply of affordable housing, all projects supporting the creation, preservation, and rehabilitation of rental and owner-occupied housing units must be affordable to low and moderate income households for at least a 15-year period. Rehabilitation assistance for owner-occupied properties must be secured by a **mortgage** on the subject property that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years - or as long as the loan is outstanding. Rehabilitation assistance for investor-owned properties must be secured by a mortgage, and the affordability requirements must be secured by an **Affordable Housing Restriction** on the subject property that runs with the land, and that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years. “Owner-occupied” is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered “investor owned.”

D. APPLICANT/PROJECT THRESHOLDS
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The following threshold criteria (#1 through #4) apply to all applications. It is the responsibility of the applicant to ensure adherence to the applicable threshold(s).

1. **Eligibility** - The project must be eligible as defined in §105(a) of Title 1 of the Housing and Community Development Act, as amended.
2. **National Objective** - Each project must meet one of three federal national objectives as defined below and in federal regulations 24 CFR 570.483:
 - a. benefit a majority of low- and moderate-income persons;
 - b. aid in the prevention or elimination of slums or blight; or
 - c. meet an urgent condition posing a serious threat to the health and welfare of the community and where other financial resources are not available to meet such needs. This objective is extremely difficult to meet and is generally limited to unexpected events such as natural disasters. Prior approval from Massachusetts CDBG must be obtained to use this national objective.
3. **Timely Expenditure** – Mass CDBG requires that all applicants - including lead applicants and joint participants - who have received grants comply with a timely expenditure threshold in order to apply for FY 2004 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application. In

order to apply for CDBG funding, a community must demonstrate, using the last quarterly report due prior to the application date, or the most recent SCA/GMS monthly financial status report, that as of the application due date it has no more than \$600,000 in unexpended CDBG² funds for all active grants awarded **prior to February 28, 2002.**

Active grants include those for which project activities have yet to be completed and payments are outstanding. All lead applicants and participating applicants must meet this standard. An applicant must meet this threshold requirement at the time of application for all Mass CDBG components. Communities that do not meet this threshold will be eliminated from further Mass CDBG funding consideration. No waivers will be granted for the timely expenditure threshold.

4. **Displacement of Non-CDBG Funds** - Applicants shall certify in the application that CDBG funds will not be used to displace non-CDBG funds already appropriated by or to the community for a specific project. DHCD will reduce an award, deny a grant, or impose special conditions in a grant contract with that community to assure compliance with this requirement.

Threshold criteria #5 through #9 apply to specific program applications or types of projects. It is the responsibility of the applicant to ensure adherence to the applicable threshold(s).

5. **EO 418 Certification** - Executive Order 418, *Addressing the Affordable Housing Shortage*, was signed by Governor Paul Cellucci in January 2000; the Executive Order provides that communities taking steps to encourage/develop affordable housing receive preferential consideration for certain grant programs administered by DHCD, the Executive Office of Environmental Affairs, the Department of Economic Development, and the Executive Office of Transportation and Construction. DHCD has adopted the following policies regarding adherence to EO 418 and the Massachusetts CDBG Program:
 - (a) Applicants to the Ready Resource Fund (RRF), Massachusetts Community Capital Fund (MCCF), Bridge Financing Program, Reserves, and the Section 108 Loan Program) must be Executive Order 418 housing certified as a threshold prior to review of applications for those programs. A community may submit a request for housing certification prior to, or with its program application. Certification is available on a fiscal year basis; i.e., it expires on June 30 of any year. *All municipalities participating in a joint or regional application must be certified.*
 - (b) Applicants to CDF I, CDF II, and the Housing Development Support Program (HDSP) receive bonus points equal to 10% of the total available points for each respective program if EO 418 housing certified. A community seeking certification to receive bonus points must request housing certification prior to the application deadline or submit its certification request with its program application. *All municipalities participating in a joint or regional application must be certified for the application to receive 10% bonus points.*

² CDBG includes CDF I and II, Mini-Entitlement, HDSP, Ready Resource, and Reserves, but for the purposes of this calculation excludes grants from Massachusetts Community Capital Fund, Section 108, and Bridge Financing Program. Planning-only grants of \$50,000 or less are also excluded from this calculation.

- (c) Mini-Entitlement communities must be EO 418 housing certified before being allowed to draw down funds.
6. **Public Benefit Standards** - Economic development projects that are eligible under Title I of the Housing and Community Development Act of 1974, Sections (14), (15) and (17) must meet CDBG standards of underwriting and public benefit. Eligible projects under 105(a)(2) may also be required to meet public benefit standards when undertaken for Economic Development purposes.
7. **Community-Based Planning Requirement** - The Department supports municipal efforts to engage in community-based planning, conduct needs assessments, and identify strategies for addressing those needs. DHCD seeks to fund projects identified through meaningful, public community-based planning and priority setting processes. Therefore projects should be consistent with community efforts to identify needs and engage in strategic planning for addressing those needs. *This helps to ensure that local needs have been identified and priorities determined in a comprehensive manner, and public resources are directed toward projects that address needs the community has identified as high priority.* All applicants and participants³ must have engaged in a community-based planning process and be able to demonstrate project consistency with a Community Development Strategy (not to exceed three [3] pages), that must be included in the application.

The Strategy serves to summarize various planning documents used by a community, and to outline a plan of action intended to accomplish specific community development goals that will have an impact on the community. Therefore, each Strategy can reference various planning documents approved by a locally elected or appointed body, or by Town Meeting, but *it is important that the Strategy reflect a comprehensive, integrated approach to the municipality's community development priorities.* Each activity included in an FY 2004 application must relate to and be reflected in the Strategy. The Strategy must explain how the community expects to address the priorities with CDBG and non-CDBG funds over a 3-5 year period.

The Community Development Strategy may reference or incorporate findings of relevant plans and analyses that have been completed and used for decision-making purposes by municipal boards, agencies and departments. Such plans may include but are not limited to EO 418 Community Development Plans, EO 418 housing strategies, Capital Improvement Plans, Master Plans, Downtown Plans, Open Space and Recreation Plans, Area Revitalization Strategies, Urban Renewal Plans, the regional Comprehensive Economic Development Strategy, and a Community Action Statement (CAS).

The strategy must be discussed in a public forum, such as the public hearing required prior to submitting a Mass CDBG application.

8. **Senior Center Projects** - Applicants for Senior Center projects must meet the following threshold requirements to have their applications reviewed and scored:

³This includes regional or joint applicants.

- (i) provide evidence of site control⁴ by the municipality, as attested to by the Mayor or Board of Selectmen,
- (ii) provide documentation of the availability and commitment of any other funds necessary to complete the project, and
- (iii) for senior center construction projects attach one copy of the design development drawings,⁵ prepared by a licensed architect or engineer.

CDBG-assisted senior center projects funded in FY 2003 or later may not receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date.

9. **Architectural Barrier Removal** - A municipality applying for assistance with an architectural barrier removal project must submit a copy of its locally approved Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition Plan. The ADA was enacted in 1990 and requires local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services, and set forth a process for involving the community in the development of the Self Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community's request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Communities may wish to contact the Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

For Architectural Barrier Removal projects attach one copy of the design development drawings, prepared by a licensed architect or engineer.

10. **Design Development Drawings** - Design development drawings are required for all public facilities and architectural barrier removal projects. Beginning in FY 2005 DHCD will require bid-ready plans and specifications for all public facilities and architectural barrier removal projects.
11. **Enhancing Our Commonwealth** - DHCD will fund projects that are consistent with the principles listed in Exhibit 5.

⁴ Evidence of site control may include but is not limited to a deed, lease agreement, purchase and sale agreement, or other contract or legal document.

⁵ Design Development Drawings are beyond schematic documents and provide sufficient detail to establish firmly the features of the project. Drawings and details should precisely illustrate the various rooms, auxiliary use areas, materials, and equipment as well as site and utility installations. The estimated project construction costs developed through the schematic documents should be confirmed by the design development drawings. An Architect/Engineer should prepare these documents.

E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH
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The federal Fiscal Year 2004 HUD allocation to the Commonwealth of Massachusetts is expected to be approximately \$38,650,000. DHCD's funds are subject to availability from the federal government, which is contingent on the federal budget and appropriations process and the HUD allocation process. In addition to the HUD allocation DHCD expects to receive approximately \$500,000 in program income, for a total of \$39,150,000 available for FY 2004. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below. If changes to this distribution become necessary, procedures outlined below explain how such changes will be made.

PROGRAM COMPONENT	Mass CDBG ALLOCATION (ESTIMATE)
Community Development Fund I	\$17,000,000
Community Development Fund II	\$ 4,750,000
Mini-Entitlement Program	\$ 7,200,000
Housing Development Support Program	\$ 5,000,000
Business Development Fund - includes -Massachusetts Community Capital Fund -Ready Resource Fund	\$ 2,380,000
Reserves	\$ 650,000
Bridge Financing Program**	\$ 6,000,000
Section 108 Loan Program**	\$20,000,000
Section 108 Loan Repayments***	\$ 920,000
Administration and Technical Assistance	\$ 1,250,000
TOTAL AVAILABLE FOR FY 2004 (includes \$500,000 in program income)	\$39,150,000
Bridge Financing and Section 108 Loan Program allocations do not impact the FY 2004 Allocation *Section 108 Loan Repayments are budgeted but not necessarily required. This is an "up to" amount.	

Reallocation of funds among program components: During the year, DHCD may have cause to recapture earlier program year funds from non-performing grantees; or there may be small amounts of program funds from prior years that have yet to be used; or there may be opportunities to recapture program income generated by communities from earlier projects; or there may be extreme demand for one program component; or there may be minimal demand for one component. Funds will be reallocated depending on the timing of other components and the apparent demand for funds or to address emergency situations during the program year. When awarding those funds DHCD will use current program guidelines as established in the most recent One Year Plan. DHCD reserves the right to increase or decrease the allocation of a program component. When these cumulative changes meet the threshold criteria of an amendment, DHCD will follow the process in accordance with the State's Consolidated Plan and regulations at 24 CFR 91.505. DHCD may also have cause to fund from any allocation or resources to respond to corrective actions after program closeouts or as a result of other administrative errors.

F. AVAILABILITY OF CDBG PROGRAM FUNDS

All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.

A single community may receive no more than \$1 million from any combination of federal FY 2004 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the \$1 million cap per community include the Massachusetts Community Capital Fund (MCCF), Ready Resource Fund, Housing Development Support Program, Section 108 Loan Program, and Bridge Financing Program.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to release of each Application subject to the availability of federal funds.

Program Components⁶	Application Issued	FY 2004 Applications Due
Community Development Funds I and II	September 2003	Thursday December 11, 2003
Mini Entitlement Program	September 2003	Thursday December 11, 2003
Housing Development Support Program	September 2003	November 13, 2003 and May 6, 2004
Business Development Fund: includes -Massachusetts Community Capital Fund (MCCF)	September 2003	Continuous
-Ready Resource Fund	September 2003	Continuous
Section 108 Loan Program	Available	Continuous
Bridge Financing Program	Available	Continuous

G. EVALUATION CRITERIA APPLICABLE TO ALL CDBG PROGRAMS

DHCD reserves the right to incorporate any or all of the following Evaluation, Regulatory and Performance criteria in its award decisions:

Evaluation:

- solicit and verify information from any state and federal agencies and other entities, and based on that information, reduce, increase or deny an award to a community.
- conduct site visits for any proposed CDBG project, prior to grant award, and if necessary, condition, reduce, increase or deny an award to a community.

⁶ The FY 2004 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state's One Year plan, and will be dictated by the date the state receives HUD approval on its Plan.

- reduce or increase an award to a community to assure that a grant budget is reasonable.
- fund, fully or partially, a project from other state resources.
- increase an award, up to a maximum of \$60,000 above the stated maximum grant amount, for a project that substantially increases the long-term sustainability of a public facility project. This is intended to promote the construction or improvement of “green” buildings or “eco” buildings by reducing quantities of building materials, resources and embodied energy; reusing construction materials; recycling materials; and utilizing renewable energy from natural sources and renewable building materials through the use of materials, increased energy efficiency, wastes reduction, decrease of toxicity of materials and embodied energy. To earn the additional allotment the application must describe the sustainability that will be accomplished, and detail additional costs associated with the sustainable construction methods that are over and above the costs of traditional construction methods.
- resolve tie scores in a competitive fund by applying the criteria below in the following order:
 1. Applications for projects that increase the community’s supply of housing;
 2. Applications for housing and/or economic development projects that are consistent with the goals of the Administration;
 3. An application from the community with the higher Community-Wide Needs score will be funded;
 4. Regional applications; and
 5. If scores remain tied after the application of steps #1 through 4, DHCD will conduct a lottery at which a representative from HUD will be present.

Regulatory:

- ensure that at least 70 percent of CDBG assistance, as per federal statute, is used to support projects that directly benefit low- and moderate-income persons of the Commonwealth.
- ensure that no more than 15 percent of the FY 2004 Massachusetts CDBG allocation is for public social service activities as per federal regulation.
- deny a grant, or a portion thereof, to ensure that no more than 20 percent of the FY 2004 Massachusetts CDBG allocation is for planning and administration as per federal regulation.
- not review an application unless signed by the municipality’s Chief Elected Official.

Performance:

- reduce an award to a community with an uncommitted program income balance of \$100,000 or more.
- reduce an award, deny a grant, or impose special conditions on a community with prior year grants with a low rate of committed or expended dollars. This includes

dollar-for-dollar reductions in awards for projects funded in previous rounds for which unexpended funds remain.

- reduce an award, deny a grant, or impose special conditions on a community with outstanding, major findings that are unresolved at the time application decisions are being made; or which have otherwise had a history of significant, repeat findings. These findings could have resulted from any grant program offered by DHCD.

Major findings means non-compliance with a statutory requirement which, if not satisfactorily resolved by the community, would require that the federal funds be repaid by the municipality, or result in other serious sanctions.

History of significant, repeat findings means non-compliance with statutory or regulatory requirements in more than one grant cycle, where the community may have resolved those findings but with an unacceptably slow response.

- consider the past performance of the applicant community and its administering agency or project sponsor, including continuing prior performance issues.

EO 418 Bonus Points - In addition, applicants to all competitive programs that meet eligibility threshold and scoring criteria will receive an additional ten percent (10%) of the total available points if they have received certification of compliance with Executive Order 418.

Awarding of Grants

Based on the scores produced through the review process, grant award recommendations are made to the Director of DHCD, whose decision is final. In the competitive programs, grants are awarded for projects to municipalities that received the highest application scores and which meet applicable thresholds until all available funds are distributed. In the programs with rolling applications, grants are awarded for projects to municipalities with application scores that meet a minimum scoring threshold, or that meet other program criteria, or both. DHCD reserves the right to award a grant in whole or in part, or to reject any and all proposals received.

Grievance Procedure

Within forty-five (45) days of the date of the Director's written notice of grant determinations to applicant cities and towns, any municipality aggrieved by DHCD's decision may challenge the denial of its grant by submitting a letter of appeal from the Chief Elected Official of the municipality to the Director, who shall respond no later than forty-five (45) days from the date of receipt of the municipality's appeal.

H. PROGRAM SANCTIONS

DHCD reserves the right to suspend or terminate grant awards made to eligible communities should there be instances of fraud, abuse, poor performance, misrepresentation, or extreme mismanagement, or in the event a grantee is unable to carry out a project as approved in an application. The community staff and Chief Elected Officials will have the opportunity to discuss possible sanctions prior to any formal action.

If formal sanctions are recommended, grantees will be provided a full opportunity to appeal such decisions to the Director of DHCD before any final action is taken.

All program funds recaptured through the sanctions process will be re-programmed consistent with the procedures in (E) *Allocation of CDBG Funds* and (J) *CDBG Program Components*. Based on the significance of the issues involved in any such determination, DHCD may suspend, for a period of up to three (3) years or until final resolution is achieved, a community's eligibility to participate in any Massachusetts CDBG component. Such action will only be taken in extreme circumstances and only after all alternatives have been exhausted.

I. CITIZEN PARTICIPATION REQUIREMENTS FOR APPLICANTS AND GRANTEES
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All applicants for funding under the FY 2004 Massachusetts CDBG Program must comply with the citizen participation requirements contained in Section 508 of the Housing and Community Development Act of 1987. DHCD expects citizen involvement in the identification of community development needs, the development of applications, program assessment and evaluation. Communities must include in their Massachusetts CDBG application a local citizen participation plan detailing how the community will provide:

1. citizen participation, with particular emphasis on participation by persons of low- and moderate-income, residents of slums and blighted areas and of areas in the state where CDBG funds are proposed to be used;
2. reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, and relating to the actual use of funds;
3. information on the amount of state CDBG funds available during the year; the range of eligible CDBG activities; and how activities will benefit low- and moderate-income persons;
4. technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals;
5. **a minimum of 2 public hearings**, each at a different stage of the program (development and implementation), to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at *a minimum* (a) the development of needs, (b) the review of proposed activities, and (c) review of program performance. These hearings shall be held after adequate notice, at times and accessible locations convenient to potential or actual beneficiaries, and with accommodations for persons with disabilities. At least one public hearing must be held prior to submittal of an application; a second must be held during the course of the grant year;
6. a timely written answer to written complaints and grievances, within 15 working days of receipt where practical; and
7. the plan must also identify how all residents and beneficiaries, including minorities and non-English speaking persons, as well as persons with disabilities can be

reasonably expected to participate in the program in general, and at public hearings in particular.

J. CDBG PROGRAM COMPONENTS

This section briefly describes the components of the Massachusetts CDBG Program. Each program component description includes eligible uses, grant award amounts, and evaluation and award criteria. In the event of conflicting language, this One Year Action Plan takes precedence over language in all program component applications. The program components are:

1. Community Development Fund I (CDF I)
2. Community Development Fund II (CDF II)
3. Mini-Entitlement Program
4. Housing Development Support Program (HDSP)
5. Business Development Fund
 - a. Massachusetts Community Capital Fund (MCCF)
 - b. Ready Resource Fund (RRF)
6. Reserves
7. Bridge Financing Program
8. Section 108 Loan Program
9. Administration and Technical Assistance by DHCD

1. COMMUNITY DEVELOPMENT FUND I (CDF I)

Program Description

The Community Development Fund I (CDF I) annually awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems. The CDF I Fund is targeted to communities with high Community-Wide Needs scores (ranging from 18 to 25) and very limited financial ability to address those needs with local funds. See Exhibit 3 for Community-Wide Needs Scores and Exhibit 4 for the indicators and formula used to derive the scores.

In federal FY 2004 DHCD expects to award approximately \$17,000,000 in CDF I grant funds, depending upon Massachusetts' federal allocation.

Grant Award Amounts

Applicants for a CDF I grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 800,000
Two or more Communities	\$ 100,000	\$ 1,000,000
Joint/regional housing activities	\$ 100,000 per community	\$ 1,200,000
Planning-only grants	\$ 20,000	-----

The maximum CDF I grant award is \$800,000. The maximum award for joint/regional applications is \$1,000,000 for two or more communities. Applications that include joint/regional housing activities in each community may receive up to a total of \$1,200,000, provided that the entire increment above the \$1,000,000 cap is allocated toward housing-related activities. No single CDF I community in a joint/regional application may receive more than \$800,000. Finally, applications with joint/regional housing activities must allocate a minimum of \$100,000 to each community for those housing-related activities. There is a minimum grant amount of \$20,000 for planning-only grants.

Requirements:

1. CDF grants are **Single Year Grants** based on an 18-month implementation period. Communities should not apply for funds if the proposed project is not ready to proceed.
2. Two or more communities may apply **jointly or regionally**. *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
 - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other communities;
 - sign the application certifications stating compliance with program regulations; and
 - demonstrate in the application how the requested funds will be allocated among all participants.

Each participating community in a joint or regional application must have a locally approved Community Development Strategy on file at DHCD, and all projects in the application must be consistent with those documents.

CDF I communities may also join with CDF II or Mini-Entitlement communities as joint applicants for housing activities only, with limitations as described above, and below in Section J. 2 – Community Development Fund II. Please note that the maximum allocation per CDF I community within a joint application of \$800,000 also applies to housing activities; the maximum per Mini-Entitlement remains at \$600,000.

3. An applicant is eligible to apply to Community Development Fund I if its FY 2004 Community-Wide Needs Score, rounded to the nearest integer, is 18 or greater on a scale of 25. Community Wide Needs Scores are available in Exhibit 3.
4. Communities may apply once under the single application category and once as a participant (including as a lead applicant) in a joint or regional application. **However, if a community applies to CDF in both an individual and in a joint application, the community may not undertake individual activities in the joint application.** In addition, a municipality may not receive funds for the same activity under more than one CDF application during any one Mass CDBG federal fiscal year.
5. All CDF I applications must be received by DHCD by **Thursday December 11, 2003, at 5:00 PM** or at the end of business, whichever is later.

Evaluation and Award Criteria

Application review and awards will be governed by the criteria and procedures as described above (Sections A through I), and the following criteria, process rules and special requirements. Additional detail on evaluation criteria and the review process will be in the FY 2004 Community Development Fund I Application Package.

1. Applications will be scored on a 100-point system as follows:

CRITERION	POINTS
Community Wide Needs	25
Community Needs Narrative	10
Project Need	20
Project Feasibility	20
Project Impact	15
Community Impact	10
Total	100

Each criterion is described below. Please be advised that applicants must meet a minimum threshold for **Project Feasibility -- i.e., each project must appear to be feasible to undertake and complete or the other criteria will not be scored.**

Community-Wide Needs - are scored by DHCD, based on a set of criteria including population demographics, economic conditions, the community's fiscal condition, and assorted community development need indicators. A complete list of indicators is described in Exhibit 4. Communities are encouraged to submit a written request for their need scores. A community or its designee may make the request. DHCD will notify the community's Chief Elected Official of when and to whom the score is mailed. Only the lead community of a joint or regional application needs to submit a request for the community-wide needs score. Regional and joint applications will receive needs scores based on an aggregation of data for the participating communities. (25 points)

Community Need - is a narrative in which applicants describe local or regional conditions and needs such as demographics, municipal management capacity, municipal finance, education, housing, capital and infrastructure needs, and socio-economic factors. This section will be scored based on the comprehensiveness of factors discussed, the severity of needs described and the degree to which the needs are confirmed by verifiable information contained in the narrative. Regional and joint applications will be scored based on a narrative addressing needs of all participants. (10 points)

Project Need - requires applicants to document and describe the particular needs that will be addressed by each proposed project and the severity of those needs. This section will be evaluated on the severity of need, the need for CDBG funds to undertake the project, the reasons local resources are not available, efforts to secure other funds to address the need, the demand for the proposed project, and involvement by the community and target population in the development of the project or program. (20 points)

Project Feasibility - requires applicants to document and describe elements that demonstrate the feasibility of the project and the ability of the applicant to complete the project within the 18-month grant implementation period. Project Feasibility will be evaluated on the following factors: readiness of the project to proceed; reasonableness of project funding when compared to similar projects; the reasons why the proposed project is best able to meet the identified needs as compared to alternative approaches; and completeness and reasonableness of timeline. (20 points)

Project Impact – requires applicants to document resources leveraged, and describe the impact of the proposed project on the target population or target area including physical and visual impacts, if applicable. It will be scored on the extent to which other resources are leveraged, cost effectiveness, the impact upon the target area or target population, the number of persons to benefit from the proposed project, quantitative and qualitative assessment measures, an assessment of the impact of previously funded activities, and the degree to which the project substantially addresses the sustainable development principles found in Exhibit 5. (15 points)

Community Impact - Successful applicants will demonstrate that the proposed project(s) will: be integrated with local plans and/or state initiatives; address significant community need; result in completion of ongoing CDBG projects/programs and related local efforts; benefit a substantial number of low to-moderate persons; result in a self-sustaining program(s); and sustain local community development capacity. (10 points)

2. To be determined fundable, a project packet must earn a score of at least 33 points out of the 55 possible for Project Need, Feasibility, and Impact, combined.
3. Applications with more than one project packet (component) to be considered for funding will receive a single Project Score that is based on the average score for each project that meets the thresholds enumerated above then rounded to the nearest whole number.
4. When all applications have been reviewed, each packet score will be rounded to the nearest whole number. DHCD will fund proposals by ranking the scores from highest to lowest.

2. COMMUNITY DEVELOPMENT FUND II (CDF II)

Program Description

This program helps the state's non-entitlement cities and towns meet a broad range of community development needs in housing, business development, physical development, downtown revitalization and public social services. In federal FY 2004, DHCD expects to award under the Community Development Fund II (CDF II) to eligible applicants, depending upon the allocation of federal funds from HUD.

Grant Award Amounts and Requirements

Applicants for a CDF II grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 800,000
Joint/regional housing activities	\$ 100,000 per community	\$ 1,200,000
Planning-only grants	\$ 20,000	-----

The maximum CDF II grant award is \$800,000. No one single CDF II community in a joint/regional application may receive more than \$800,000 in FY 2004 funds. Applications with joint/regional housing activities must allocate a minimum of \$100,000 to each community for those housing-related activities. There is a minimum grant amount of \$20,000 for planning-only grants.

This program is available to communities with a Community-Wide Needs Score equal to or less than 17 out of 25 points for federal Fiscal Year 2004. Community Wide Needs Scores are available in Exhibit 3. All requirements of the CDF I apply to the CDF II except as follows:

- communities cannot apply to both CDF I and CDF II (except as participants in regional housing activities).
- only single municipalities may apply to CDF II (except as participants in regional housing activities).
- the maximum grant award is \$800,000; the maximum joint / regional housing grant is \$1,200,000.

CDF II communities may join with a CDF I and/or a Mini-Entitlement lead applicant or with another CDF II for housing activities only. Participation by CDF II communities in joint applications is limited to housing activities. Joint/regional applicants are not limited to geographically contiguous cities and towns. The Community Wide Needs Score of CDF II applicants will not be considered in the composite regional Community Wide Needs Score. Participation in a regional application will not prohibit an eligible CDF II applicant from applying individually to the CDF II, within the stated restrictions.

The following conditions apply to such joint/regional housing applications:

- The maximum grant awards for applications with joint/regional housing activities will be capped at \$1,200,000, in accordance with the Maximum Grant Amounts appearing in the chart above. The maximum allocation per community within a joint application will be capped at \$800,000.
- Lead communities may use these additional funds only for the cost of the additional housing activities outside the lead community and for related project administration.

- Funds allocated to the CDF II communities for joint housing activities will not be included when calculating the \$1 million cap in Mass CDBG funds that the lead CDF I or Mini-Entitlement communities may receive in a fiscal year.
- Funds allocated to the CDF II communities for joint housing activities will be included when calculating the \$1 million cap in Mass CDBG funds that participating CDF II communities may receive in a fiscal year.

All CDF II applications must be received by DHCD by **Thursday December 11, 2003, at 5:00 PM** or at the end of business, whichever is later.

LIMITATIONS/CONDITIONS ON SUBSEQUENT CDF II APPLICATIONS

Receiving an award from the Community Development Fund II precludes a community from applying to a Community Development Fund program the following **two** federal fiscal years, except in the following instances:

- A Community Development Fund II eligible community that has not received a CDF II grant award on its own but which has participated with a Community Development Fund I or Mini-Entitlement community for **housing activities** may apply to the Community Development Fund.
- A Community Development Fund II eligible community that has received a CDF II grant award in FY 2002 or FY 2003 on its own may be a participant with a CDF I, CDF II or a Mini-Entitlement community, for **housing activities only**.
- A CDF II eligible community that has successfully administered an FY 2002 or FY 2003 housing related grant on its own may be eligible to be a single or lead applicant for **housing activities only**.
- A community with an FY 2004 Community Wide Needs (CWN) score of 18 or above is a CDF I community and may apply for a CDF I grant regardless of CWN score in years prior to FY 2004.
- A community awarded FY 2003 funds for an architectural/engineering planning-only project may apply for FY 2004 funding to implement the planned project. However, the maximum allowable FY 2004 grant award (see chart on page 17) will be reduced by the amount of the FY 2003 planning grant.

Exhibit 2 lists communities that may not apply for CDF funds in FY 2004.

Evaluation and Award Criteria

Applications will be reviewed according to the same criteria and process for activities as detailed in the discussion above describing criteria for CDF I. However, the Community-Wide Needs Score will not be factored into the evaluation. The application will be scored on a 75-point scale.

3. MINI-ENTITLEMENT PROGRAM

DHCD is in the process of evaluating the Mini-Entitlement Program and its continuation beyond FY 2004. As a result, all FY 2003 Mini-Entitlements will be held harmless and eligible for up to \$600,000 in FY 2004.

Program Description

Municipalities were selected to be Mini-Entitlement communities if they met the following criteria: (1) Community Wide Needs Score of 19 or higher; (2) ranking within the top 30% in the state of: a) population, b) percentage of low- and moderate-income households, c) the number of pre-1939 housing stock, and d) population density; and (3) were Mini-Entitlement communities in FY 1999. In Federal FY 2004, DHCD expects to award \$7,200,000 from the Mini-Entitlement Program allocation to 12 designated Mini-Entitlement municipalities, listed below:

Amesbury	Gardner	Methuen	Revere
Chelsea	Greenfield	North Adams	Southbridge
Everett	Marlborough	Northbridge	West Springfield

This program helps larger non-entitlement urban communities with the highest needs scores improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

Grant Award Amounts and Requirements

The maximum grant award is \$600,000. Mini-Entitlement applications will contain a 18-month implementation and cash flow plan. Release of the FY 2004 allocation, however, is contingent on 1) the community's adherence to the timely expenditure threshold (see Applicant/Project Thresholds above), and 2) continued availability of federal funding.

Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. In accordance with the Massachusetts CDBG Priorities listed in Section A, DHCD seeks to fund projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 7.
2. Each Mini-Entitlement grantee must submit an updated community development strategy as detailed above in SECTION D. 7.
3. All FY 2004 Mini-Entitlement applications must be received no later than **Thursday December 11, 2003**. The Application must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. The application shall consist of the project packets of the Community Development Fund I and II Application — describing and

documenting project needs, feasibility and impact. The project packets will be reviewed for compliance with all evaluation criteria, but will not be scored.

4. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding with the exception of organizational activities of downtown partnerships.
5. **Mini-Entitlement communities may join with CDF I or CDF II communities as joint applicants for housing activities only**, with limitations as described above in Section J. 2.

4. HOUSING DEVELOPMENT SUPPORT PROGRAM

Program Description

The Housing Development Support Program (HDSP) is designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under alternative development assistance programs or with conventional financing.

Grant Award Amounts and Requirements

Notice of Intent Process

Communities must submit a Notice of Intent (NOI) in order to apply for HDSP funds. A NOI may be obtained by contacting HDSP staff, and must be submitted under signature of the community's Chief Elected Official.

The NOI must be received by DHCD at least seven (7) weeks prior to the application due dates. For FY 2004 HDSP applications, a NOI must be received by DHCD no later than **Thursday, September 25, 2003** for the first round of FY 2004 funds, and **Thursday, March 18, 2004** for the second round.

Applicants are encouraged to submit the NOI at any time in advance of the NOI deadlines. The flexible NOI process is intended to accommodate scheduling and to provide additional time for application preparation.

The NOI provides essential information about the project and confirms its consistency with HDSP eligibility requirements. HDSP staff will review NOIs, and an initial informational meeting will be scheduled with the community.

Following the initial meeting, the applicant community will be notified in writing if it will be invited to submit an application and if any additional information is needed. If, on the basis of the initial meeting, the community is not invited to submit an application, such notice will detail the reasons.

Other Application Requirements

Applications are due by 5:00 PM or the end of business day on **Thursday, November 13, 2003** for the first round of FY 2004 funds, and **Thursday, May 6, 2004** for the second round.

HDSP funding is generally limited to projects containing fewer than eight units. NOTE: Housing projects serving persons with special needs, and single-room occupancy (SRO) projects may exceed the seven-unit limit. Project grant amounts are limited to a minimum of \$100,000, and a maximum of \$500,000, plus administrative costs.

For most projects, all state and federal grants combined for most projects shall not exceed 75 percent of total actual project costs. Please note that projects exclusively benefiting special-needs populations may qualify for up to 100 percent of total actual project costs. The Director of DHCD may waive the 75% criterion if circumstances so warrant. Prior consultation with HDSP staff is required prior to requesting a waiver.

Projects of up to 10 units involving the conversion to housing of upper story space in downtown buildings and other adaptive reuse proposals may apply for up to \$750,000 plus administrative costs.

Projects receiving funding from any source administered by DHCD's Division of Private Housing are excluded from applying to HDSP.

DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.

Housing Development Support Program (HDSP) Guidelines

- The HDSP will provide \$5 million in FY 2004, to fund smaller projects in communities that address a variety of activities supporting the development, improvement and retention of public or private housing affordable to low- and moderate-income persons. Typical project activities include moderate or substantial rehabilitation of residential and mixed use projects; reclamation of abandoned/foreclosed properties; elderly, transitional and special needs housing; and conversion to housing of obsolete and under-utilized structures such as vacant school and mill buildings. Funds can be used for acquisition, rehabilitation, site work and related infrastructure. 51% of the units must be affordable to and occupied by low and moderate income households.

Evaluation and Award Criteria

All HDSP projects must comply with the low- and moderate-income National Objective. The requirements set forth in Section D: *APPLICANT/PROJECT THRESHOLDS* above will govern application review and awards.

Applications will be scored on a 100-point system as follows:

CRITERION	POINTS
Affordability	20
Readiness to Proceed	30
Development Team Capacity	10
Site and Design	20
Cost Effectiveness	15

Sustainable Development	05
Total	100

Applications must receive a minimum of 70 points to be eligible for funding. Criteria are described below.

The review and scoring of HDSP applications will be based on the materials submitted in the application as received on the deadline date, i.e., in an “as submitted” condition. Any information that is not included will be considered to be missing, and the application evaluated accordingly. DHCD reserves the right to adjust award amounts based on this condition.

Feasibility Threshold - All projects must demonstrate financial feasibility, including adequate sources available for all costs based on reasonable cost estimates and financial need, and sufficient revenues to pay expenses based upon reasonable assumptions. Sources and uses of funds are limited to actual documented cash/expenditures specific to the proposed project. Project rents/sales prices must be within HDSP limits for affordable units and must be affordable to the household sizes that could reasonably be expected to occupy the units based on the number of bedrooms. Proposals must also demonstrate site control, major permit approval, and that a market exists for the type of unit proposed at the rent or sale price projected. Proposals that do not meet this feasibility threshold will not be further evaluated.

Affordability - All projects will be evaluated according to the affordability term to be secured by rental/resale restrictions proposed beyond the fifteen-year threshold, and the proposed percentage of affordable units available for low- and moderate-income occupancy. (20 points)

Readiness To Proceed - At a minimum, applicants must provide evidence that the project can be implemented and completed within the grant term. Projects will also be evaluated on status of financing commitments, site control, land use and zoning requirements, other necessary approvals and relevant factors. (30 points)

Development Team Capacity - The track record and levels of previous comparable work experience of the project developer, applicant community, development consultant, architect, management agent, and service provider, if applicable, will be reviewed and assessed, including quality of such work and the schedule of its delivery. Inexperienced developers who retain an experienced development consultant may be scored in part based upon an evaluation of the consultant. DHCD may take into consideration an applicant’s qualifications, history, experience, and past performance (if any) in housing development with DHCD and other government and quasi-public agencies, as well as the technical assistance and support the community intends to provide to a less-experienced developer. (10 points)

Site and Design - The quality of the site will be reviewed based on desirability of location, revitalization potential, community character, convenience, adequacy of utilities and infrastructure, appropriateness of design for the site, and the absence of significant development constraints such as adverse environmental conditions. In addition, proposed projects will be reviewed on the basis of site conditions (e.g.,

ledge, grade, soil suitability), conservation of natural resources, condition of existing structure (including adaptability to proposed use), and neighborhood characteristics.

The proposed design will be reviewed for visual impact, overall plan layout, site design, appropriateness of building design and amenities, including suitability for target population, and adequacy of the proposed scope of work. (20 points)

Cost Effectiveness - Each applicant must demonstrate that it is requesting the minimum amount necessary to produce a viable project, taking into account all other potential sources of funding and all opportunities to reduce costs to reasonable and necessary levels. Evaluation under this criterion will include total development costs per unit, HDSP cost per unit, developer fees and overall soft costs as a percentage of total development cost, per unit operating costs, and reasonableness of costs when compared to similar projects. (15 points)

Sustainable Development – Each project will be evaluated for consistency with and by the extent to which Sustainable Development principles are addressed (5 points).

5. BUSINESS DEVELOPMENT FUND

Massachusetts Community Capital Fund and Ready Resource Fund

Program Description

The Business Development Fund, comprised of the Massachusetts Community Capital Fund (MCCF) and the Ready Resource Fund (RRF), offers financing solutions to meet the needs of businesses which retain and/or create low- and moderate-income jobs, strengthen the local tax base, support revitalization efforts and enhance the quality of life in the community. This economic development program is offered to local communities for industrial, commercial, service, real estate or mixed-use projects.

This program funds a broad range of economic and community development projects. Economic development projects may include assistance to non-profits and for-profits including small businesses and microenterprise; loans – or loan/grant combinations - for working capital, machinery and equipment, or other business improvements; pre-development studies; economic development planning projects; and public facilities, infrastructure, or public services supporting economic development. Funds can be used by a community or its subgrantee to assist economic development projects with planning, design and engineering, construction, rehabilitation, purchase of machinery and capital equipment, working capital, credit refinancing, incumbent workforce training, real estate acquisition, or public services programs.

In an effort to encourage mixed-use development, Business Development Funds may be used in partnership with Housing Development Support Program funds, or other CDBG or non-CDBG funding sources, to undertake building improvements for the non-residential components of mixed-use projects. The allowable uses of MCCF or RRF funds will be determined on a case-by-case basis, depending on the nature of the project and how it will comply with eligibility, national objective and other program requirements. Project proponents are encouraged to contact RRF staff as early as possible in the process.

DHCD anticipates that \$2,880,000 will be available to the Fund during FY 2004: \$2,380,000 will be available from the FY 2004 CDBG allocation, which will be

supplemented by an estimated \$500,000 from revolving loan fund program income that DHCD expects to earn during the program year.

a) *Massachusetts Community Capital Fund (MCCF)*

Grant Award Amounts and Requirements

- MCCF loans are made to individual businesses or eligible entities via the municipality. Funds can be used for real estate acquisition, new construction and rehabilitation, purchase of machinery and capital equipment, working capital, and credit refinancing.
- Applications will be accepted on an ongoing basis throughout the year.
- DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.
- MCCF will fund up to one-third (1/3) of the total project costs.
- Financing to a given borrower will be limited to \$500,000 in a fiscal year.
- The minimum financial assistance to a given borrower will be \$100,000.
- The Director of the Department of Housing and Community Development may waive program guidelines to allow for:
 - awards greater than 1/3 of total project costs
 - financing above \$500,000
 - financing below \$100,000

The applicant would need to demonstrate extraordinary circumstances and a strong rationale in order to receive any of these waivers. If the applicant anticipates the need for a waiver, it will be necessary to review all factors leading to this request with appropriate CDBG staff.

- Program Income from the repayment of MCCF loans has been and/or will be deposited in a revolving loan fund account established under Community Development Block Grant regulations and remain with DHCD. The amount of program income available may vary if MCCF loans are either prepaid or the borrower defaults on payments.
- The amount requested/awarded may also include program administration costs to the community.
- Loan repayments will be made to a DHCD authorized agent, as specified in the community's contract with DHCD.
- Loan terms are flexible.

Evaluation and Award Criteria

Application review and awards will be governed by the following criteria, process rules and special requirements. MCCF applicants will be evaluated according to a two-stage process, which consists of (1) preliminary screening and (2) the formal application.

- (1) Preliminary Screening - A project that is potentially able to achieve a national objective will be invited to submit basic financial and business information and a project design. CDBG staff undertake a preliminary screening, which will address the following program requirements:
 - The likelihood that the project will meet a CDBG **national objective**, i.e., either create or retain jobs for low- and moderate-income persons, or eliminate a slum or blighting condition. For projects qualifying under benefit to low- and moderate-income persons, additional evaluation factors include such public benefit considerations as: number of jobs to be created and/or retained; the quality of those jobs as reflected in wage levels and employee benefits; and CDBG dollars per job (\$20,000 per job or less is preferred).
 - **Credit quality** - Evaluation factors include viability of the business or development project, ability to generate cash flow to service debt, and availability of collateral to secure the loan.
 - Financial **need for CDBG funds**, with underwriting guidelines established by the US Department of Housing and Urban Development and state policies.
- (2) Formal Application - If a project is deemed likely to fulfill the program requirements, the municipality will be invited to submit a complete application on behalf of the prospective borrower. The three-part analysis above is again reviewed and completed in detail. The applicant community's adherence to relevant federal and state regulations is reviewed. Denial of the application at this stage may result from causes including but not limited to (i) the city's or town's failure to adhere to regulations or the required process, (ii) adverse changes in the project, and (iii) new information about the project.

(b) Ready Resource Fund

Grant Award Amounts and Requirements

- Applicants may apply for a wide range of eligible activities supporting economic development including, but not limited to: planning and pre-development studies; acquisition; micro and small business technical assistance programs and regional revolving loan funds; business technical assistance; public social services related to economic development; and infrastructure and public facilities projects in support of economic development. RRF funds may also be used in tandem with MCCF, where financially appropriate.
- The Ready Resource Fund will assist an organization/entity providing economic development loan funds, if the organization can demonstrate management capacity and has an established track record of providing/servicing such loans.

Ready Resource Fund grants will generally be limited to a maximum of \$400,000. A waiver may be granted by the Director of DHCD to increase the grant to a maximum of \$500,000.

There is a \$50,000 cap, inclusive of planning-related general administration, on all planning grants in a Ready Resource Fund (RRF) application.

- Grants are based on an 18-month implementation cycle.
- Applications will be accepted on an ongoing basis throughout the year, based on funding availability.
- A community may receive no more than one Ready Resource Fund grant award in any fiscal year.

Evaluation and Award Criteria

The following criteria, processes, rules and special requirements will govern application review and awards.

RRF applicants will be evaluated according to a two-stage process, which consists of (1) completion of an AIF and initial meeting and (2) the application.

- (1) AIF/Initial Meeting - The applicant must submit an Application Information Form (AIF) before DHCD will consider a Ready Resource Fund application. Upon receipt of the AIF, CDBG staff will schedule an initial informational meeting between program staff, and representative(s) of the municipal government to determine if the proposed project meets basic program requirements.

Following the initial meeting, the applicant community will be notified in writing of the status of its RRF proposal. If the proposed project(s) appears likely to meet all program requirements, and funding remains available, then the community will be invited to submit a full application. If the proposed project(s) is(are) unlikely to meet program requirements, the community may reformulate the project(s) to address identified inconsistencies or deficiencies, and request another meeting. In no case will more than one revision be considered for a proposed project.

- (2) Application - If the proposed project is considered by program staff to be consistent with program requirements, and likely to meet the threshold criteria discussed in Section D: *APPLICANT/PROJECT THRESHOLDS* above, CDBG staff will invite the community to submit an application. If the applicant does not submit an application within three (3) months of the date of the invitation letter, it will be required to submit another AIF and repeat the two-step application process in order for DHCD to further consider the proposed project.

Applications will be reviewed for completeness, documentation of application / project thresholds, and responses to project-specific questions and comments (project conditions) included in DHCD's letter of invitation. To be considered for funding, a proposed activity must meet all thresholds, and must address all project conditions to the satisfaction of DHCD. In the event there are insufficient funds for all eligible applications, DHCD reserves the right to consider Ready Resource applications out of order of receipt based upon a review of the number of jobs to be created or retained, the impact of a project on the local tax base, such as increase in tax revenues, sudden job loss, levels of matching or leveraged funds, or other compelling circumstances.

6. RESERVES

On rare occasion, an exceptionally worthy application may fail to be funded in a competitive round, or DHCD may identify an innovative project that has not been funded with Mass. CDBG resources. A maximum of \$650,000 will be used to fund projects (not necessarily an entire application) which: (1) are consistent with the goals of the Administration but have not been competitive; (2) have not been previously funded due to cases of administrative error or (3) are deemed innovative by DHCD. Innovative projects include those that would not normally be funded through a competitive round and are unlike any project previously funded by DHCD. The maximum grant amount for an innovative project is \$250,000.

Projects must meet CDBG national objective and eligibility requirements, rules and regulations, feasibility, and project threshold score. Thereafter, the Director will make the decision regarding which applications will be funded. Interested parties are to first contact Lou Martin by telephone at (617) 727-7004, extension 402 or e-mail at Louis.Martin@state.ma.us to discuss projects that may be eligible for "reserves" funding.

7. BRIDGE FINANCING PROGRAM

Program Description

The Bridge Financing Program is a short-term loan program -- up to 18 months -- that enables communities to borrow against the Commonwealth's annual CDBG allocation. DHCD will make up to \$6 million available during FY 2004. Loans will be provided for housing and economic development projects that meet Massachusetts CDBG threshold requirements, national objective criteria, and project evaluation criteria.

Loan Amounts and Requirements

Bridge Financing loan amounts will range from \$250,000 to \$2,000,000. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.

Evaluation and Award Criteria

All projects must demonstrate financial feasibility and comply with all applicable Application/Project Threshold Criteria described in Section D.

All housing development and economic development assistance projects will be evaluated according to a two-step application process comprised of: (1) a pre-application form and project meeting and (2) a full application submittal.

(1) Pre-Application/Project Meeting - The applicant must submit a Pre-Application Form before DHCD will consider a full Bridge Financing Program application. Upon receipt and review of the Pre-Application Form, a meeting involving program staff, one or more local official(s) from the applicant community, and at least one member of the project's development team will be scheduled to further discuss the details of the project.

(2) Full Application Submittal - Following the Project Meeting, the applicant community will be notified in writing regarding the status of their project proposal. If

it appears likely that the project proposal will meet all program requirements, and funding remains available, then the community will be invited to submit a full application. What constitutes a full application submittal will tend to vary from proposal to proposal, but each invitation letter will specify what the applicant community will be required to submit to DHCD. The applicant community will have up to three (3) months from the date of its invitation letter to submit the full and complete application to DHCD.

Projects must exhibit readiness to proceed, and meet all CDBG requirements. The short-term nature of the Bridge Financing loan limits the types of projects that will be financed.

Loan Security

Each loan will be fully secured by an unconditional, irrevocable line of credit from a commercial lending institution for the full amount of the loan principal and interest. The line of credit shall be provided by the end-recipient of the CDBG Bridge Financing funds, naming the Massachusetts Department of Housing and Community Development as beneficiary/payee. In addition, the line of credit shall be unconditionally available for drawdown by DHCD in the amount of any shortfall within 30 days of the date that the loan fails to meet the agreed repayment schedule, or upon failure of the grantee or borrower to comply with other specified terms and conditions of the loan agreement.

8. 108 LOAN PROGRAM

Program Description

The Section 108 Loan Program allows eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The program provides communities with a source of loan financing for community and economic development efforts involving industrial, service, commercial real estate, and housing or mixed-use projects. Funding is provided to the community to loan to the business or other entity.

The Commonwealth guarantees repayment of the HUD loan, and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

This year the Commonwealth will pledge up to \$20 million in future CDBG allocations in support of these eligible activities.

Grant Award Amounts and Requirements

- The minimum award from this program is \$500,000 and the maximum is \$5 million. [The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.]
- In general, awards from the Section 108 Loan cannot exceed 40% of the total project costs. However, DHCD will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case by case basis;
- DHCD is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;

- DHCD or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal; and
- Loan repayments will be made according to federal regulations, paid to the state on the basis of an agreement between the state (DHCD) and the grantee.

Section 108 Guidelines

Eligible activities include:

- Acquisition of developed or undeveloped property;
- Rehabilitation of real property;
- Acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements;
- Relocation payments and other relocation assistance;
- Site clearance and site preparation and construction of public improvements; and
- Payment of issuance, underwriting, servicing and other private sector financing costs.

Evaluation and Award Criteria

Applicants must contact DHCD prior to submission of an application. A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. Applicants also need to review the evaluation criteria and the review process information found in the Section 108 Program Application. Applications will be reviewed on a first come, first served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive project money from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should a non-entitlement recipient of a Section 108 Loan default. DHCD will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another source. The state has developed an application that provides for thorough review including the following criteria:

- activity must meet a CDBG National Objective, and Public Benefit standards in the case of economic development projects;
- project goals and activities are clearly defined;
- local efforts are consistent with state's economic development agenda;
- creation of public benefits;
- if the public benefit is jobs, the total number and quality of jobs created or retained;
- viability and feasibility of the proposed project;

- revenue projections and firm financial information of the proposed activity;
- revenue source for repayment of the loan must be clearly described and sufficient collateral available to secure the loan, appropriate to the level of exposure and risk;
- application must clearly demonstrate efforts to find conventional financing;
- the amount of financing required and information on any program income that the activity may generate must be included in the application;
- effective and capable management of the proposed activity;
- analysis of primary and secondary economic and fiscal impacts of the proposed activity;
- local community development needs and distress factors as demonstrated by a narrative or a variety of demographic statistics.

Section 108 Loan Activities

DHCD has processed one application that is currently under review by HUD. If the project sponsor proceeds, and the application is successful, DHCD would commit to use the Section 108 Loan Program to secure financing and guarantee loans for the following project during calendar year 2004:

Methuen – Malden Mills: \$5 million guarantee supporting a restructuring of \$93 million in company debt; the financing will result in the retention of 500 jobs.

In addition, DHCD and HUD approved the following Section 108 Loan Guarantee project in 2003.

North Adams - Massachusetts Museum of Contemporary Art (MASS MoCA): Approximate \$4.3 million loan to partially fund real estate development by the non-profit museum foundation. The \$13 million project involves rehabilitation of two buildings. This project is Phase II of the City and MASS MoCA's revitalization plan for one of North Adams' most distressed neighborhoods.

Loan Default

In the event of loan default, DHCD must be prepared to repay the Section 108 loans to HUD out of the Commonwealth's annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is provided from other sources, and the two noted above will be heavily collateralized with non-CDBG resources. The possibility exists, however, that the loans default and will need to be repaid from the annual allocation. In FY 2004 the potential liability, or repayment total, could be up to \$920,000 in the event of loan default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then DHCD will reallocate all (or part) of the budgeted default amount among other program components.

Please note that DHCD and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could have a significant and deleterious effect on future year applications of other cities and towns.

9. ADMINISTRATION AND TECHNICAL ASSISTANCE BY DHCD

The Commonwealth of Massachusetts uses CDBG funds for administrative costs incurred by DHCD during the operation of the Massachusetts CDBG Program. As allowed by federal statute, this amount will equal two percent (2%) of the entire annual grant allocation, plus \$100,000.

An additional one percent (1%) of the allocation will be used for direct technical assistance to eligible municipalities for guidance relating to housing, economic development, including downtown revitalization, community development strategy and plan preparation and use, technical assistance training for non-entitlement communities, and additional assistance determined necessary during the program year.

During this fiscal year DHCD will continue to support and upgrade grantees' software and reporting systems. Technical assistance will be available to a cluster of communities for capacity building for downtown revitalization. Assistance will be provided to communities with both deteriorated areas and with downtown organizations that have not been previously supported by DHCD.

In addition, two percent (2%) of program income generated by state CDBG grantees shall be returned to the Mass CDBG Program on a bi-annual basis.

DRAFT ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2004

EXHIBITS

1. LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
2. MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2004
3. COMMUNITY WIDE NEEDS SCORES AND PROGRAM ELIGIBILITY
4. COMMUNITY-WIDE NEEDS INDICATORS
5. SUSTAINABLE DEVELOPMENT PRINCIPLES

EXHIBIT 1

LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS As of Federal Fiscal Year 2004

1.	ARLINGTON	19.	MALDEN
2.	ATTLEBORO	20.	MEDFORD
3.	BARNSTABLE	21.	NEW BEDFORD
4.	BOSTON	22.	NEWTON
5.	BROCKTON	23.	NORTHAMPTON
6.	BROOKLINE	24.	PITTSFIELD
7.	CAMBRIDGE	25.	PLYMOUTH
8.	CHICOPEE	26.	QUINCY
9.	FALL RIVER	27.	SALEM
10.	FITCHBURG	28.	SOMERVILLE
11.	FRAMINGHAM	29.	SPRINGFIELD
12.	GLOUCESTER	30.	TAUNTON
13.	HAVERHILL	31.	WALTHAM
14.	HOLYOKE	32.	WESTFIELD
15.	LAWRENCE	33.	WEYMOUTH
16.	LEOMINSTER	34.	WORCESTER
17.	LOWELL	35.	YARMOUTH
18.	LYNN		

EXHIBIT 2

MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2004

Communities awarded CDF II Grants in FY 2002 or FY 2003 are prohibited from applying for CDF I or II grants in FY 2004, except in the following instances:

- A Community Development Fund II eligible community that has not received a CDF II grant award on its own but which has participated with a Community Development Fund I or Mini-Entitlement community for **housing activities** can apply to CDF II.
- A Community Development Fund II eligible community that has received a CDF II grant award in FY 2002 or FY 2003 on its own may be a participant with a Community Development Fund I, Community Development Fund II or Mini-Entitlement community for **housing activities only**.
- A CDF II eligible community that has successfully administered an FY 2002 or FY 2003 housing related grant on its own may be eligible to be a single or lead applicant for **housing activities only**.
- **Communities with an FY 2004 CWN of 18 or greater may apply to CDF I, regardless of CWN score in years prior to FY 2004.**

DHCD has identified the following communities as ineligible applicants (except as noted above) as a single community for CDF I or CDF II in FY2004; they can apply again for CDF funding in the Fiscal Year noted in parentheses:

BELLINGHAM (2006)

BUCKLAND (2006)

DALTON (2006)

EASTHAMPTON (2006)

HINGHAM (2006)

MANSFIELD (2005)

RAYNHAM (2005)

MARSHFIELD (2005)

NORFOLK (2005)

SHUTESBURY (2005)

SOUTH HADLEY (2006)

EXHIBIT 3

PROGRAM ELIGIBILITY AND COMMUNITY-WIDE NEEDS SCORES

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Abington town	17		x		
Acton town	11		x		
Acushnet town	17		x		
Adams town	21	x			
Agawam town	17		x		
Alford town	13		x		
Amesbury town	19			x	
Amherst town	19	x			
Andover town	12		x		
Aquinnah town	23	x			
Ashburnham town	14		x		
Ashby town	15		x		
Ashfield town	13		x		
Ashland town	14		x		
Athol town	21	x			
Auburn town	16		x		
Avon town	20	x			
Ayer town	22	x			
Barre town	18	x			
Becket town	17		x		
Bedford town	10		x		
Belchertown town	17		x		
Bellingham town	13				x
Belmont town	15		x		
Berkley town	12		x		
Berlin town	19	x			
Bernardston town	17		x		
Beverly city	18	x			
Billerica town	16		x		
Blackstone town	18	x			
Blandford town	14		x		
Bolton town	12		x		
Bourne town	20	x			
Boxborough town	10		x		
Boxford town	9		x		
Boylston town	14		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Braintree town	18	x			
Brewster town	17		x		
Bridgewater town	13		x		
Brimfield town	18	x			
Brookfield town	22	x			
Buckland	16				x
Burlington town	13		x		
Canton town	14		x		
Carlisle town	11		x		
Carver town	17		x		
Charlemont town	21	x			
Charlton town	13		x		
Chatham town	18	x			
Chelmsford town	14		x		
Chelsea city	23			x	
Cheshire town	17		x		
Chester town	22	x			
Chesterfield town	22	x			
Chilmark town	18	x			
Clarksburg town	16		x		
Clinton town	21	x			
Cohasset town	11		x		
Colrain town	21	x			
Concord town	11		x		
Conway town	14		x		
Cummington town	21	x			
Dalton town	17				x
Danvers town	18	x			
Dartmouth town	18	x			
Dedham town	19	x			
Deerfield town	13		x		
Dennis town	20	x			
Dighton town	16		x		
Douglas town	15		x		
Dover town	9		x		
Dracut town	17		x		
Dudley town	17		x		
Dunstable town	12		x		
Duxbury town	10		x		
East Bridgewater town	17		x		
East Brookfield town	16		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
East Longmeadow town	14		x		
Eastham town	21	x			
Easthampton town	16				x
Easton town	13		x		
Edgartown town	20	x			
Egremont town	13		x		
Erving town	23	x			
Essex town	19	x			
Everett city	24			x	
Fairhaven town	22	x			
Falmouth town	17		x		
Florida town	22	x			
Foxborough town	14		x		
Franklin town	14		x		
Freetown town	14		x		
Gardner city	21			x	
Georgetown town	14		x		
Gill town	16		x		
Goshen town	17		x		
Gosnold town	23	x			
Grafton town	17		x		
Granby town	13		x		
Granville town	16		x		
Great Barrington town	18	x			
Greenfield town	23			x	
Groton town	12		x		
Groveland town	15		x		
Hadley town	17		x		
Halifax town	17		x		
Hamilton town	14		x		
Hampden town	13		x		
Hancock town	15		x		
Hanover town	13		x		
Hanson town	14		x		
Hardwick town	18	x			
Harvard town	11		x		
Harwich town	22	x			
Hatfield town	17		x		
Hawley town	23	x			
Heath town	18	x			
Hingham town	11				x

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Hinsdale town	21	x			
Holbrook town	17		x		
Holden town	13		x		
Holland town	17		x		
Holliston town	14		x		
Hopedale town	18	x			
Hopkinton town	10		x		
Hubbardston town	12		x		
Hudson town	18	x			
Hull town	20	x			
Huntington town	18	x			
Ipswich town	18	x			
Kingston town	18	x			
Lakeville town	14		x		
Lancaster town	18	x			
Lanesborough town	18	x			
Lee town	22	x			
Leicester town	16		x		
Lenox town	20	x			
Leverett town	13		x		
Lexington town	11		x		
Leyden town	13		x		
Lincoln town	13		x		
Littleton town	13		x		
Longmeadow town	11		x		
Ludlow town	17		x		
Lunenburg town	14		x		
Lynnfield town	10		x		
Manchester-by-the-Sea town	15		x		
Mansfield town	14				x
Marblehead town	14		x		
Marion town	15		x		
Marlborough city	18			x	
Marshfield town	14				x
Mashpee town	18	x			
Mattapoisett town	13		x		
Maynard town	18	x			
Medfield town	9		x		
Medway town	13		x		
Melrose city	14		x		
Mendon town	15		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Merrimac town	18	x			
Methuen town	22			x	
Middleborough town	18	x			
Middlefield town	20	x			
Middleton town	14		x		
Milford town	22	x			
Millbury town	18	x			
Millis town	14		x		
Millville town	18	x			
Milton town	15		x		
Monroe town	24	x			
Monson town	15		x		
Montague town	21	x			
Monterey town	17		x		
Montgomery town	13		x		
Mount Washington town	14		x		
Nahant town	14		x		
Nantucket town	22	x			
Natick town	15		x		
Needham town	11		x		
New Ashford town	11		x		
New Braintree town	16		x		
New Marlborough town	18	x			
New Salem town	16		x		
Newbury town	13		x		
Newburyport city	18	x			
Norfolk town	9				x
North Adams city	22			x	
North Andover town	15		x		
North Attleborough town	15		x		
North Brookfield town	20	x			
North Reading town	15		x		
Northborough town	14		x		
Northbridge town	16			x	
Northfield town	17		x		
Norton town	14		x		
Norwell town	13		x		
Norwood town	18	x			
Oak Bluffs town	23	x			
Oakham town	13		x		
Orange town	21	x			

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Orleans town	18	x			
Otis town	18	x			
Oxford town	17		x		
Palmer town	22	x			
Paxton town	12		x		
Peabody city	18	x			
Pelham town	13		x		
Pembroke town	14		x		
Pepperell town	13		x		
Peru town	17		x		
Petersham town	19	x			
Phillipston town	18	x			
Plainfield town	22	x			
Plainville town	17		x		
Plympton town	13		x		
Princeton town	10		x		
Provincetown town	25	x			
Randolph town	18	x			
Raynham town	14				x
Reading town	14		x		
Rehoboth town	13		x		
Revere city	23			x	
Richmond town	12		x		
Rochester town	13		x		
Rockland town	21	x			
Rockport town	19	x			
Rowe town	19	x			
Rowley town	14		x		
Royalston town	20	x			
Russell town	22	x			
Rutland town	13		x		
Salisbury town	21	x			
Sandisfield town	14		x		
Sandwich town	13		x		
Saugus town	18	x			
Savoy town	21	x			
Scituate town	14		x		
Seekonk town	18	x			
Sharon town	11		x		
Sheffield town	17		x		
Shelburne town	22	x			

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Sherborn town	10		x		
Shirley town	16		x		
Shrewsbury town	13		x		
Shutesbury town	13				x
Somerset town	17		x		
South Hadley town	17				x
Southampton town	12		x		
Southborough town	11		x		
Southbridge town	22			x	
Southwick town	14		x		
Spencer town	21	x			
Sterling town	11		x		
Stockbridge town	17		x		
Stoneham town	18	x			
Stoughton town	17		x		
Stow town	11		x		
Sturbridge town	16		x		
Sudbury town	10		x		
Sunderland town	21	x			
Sutton town	13		x		
Swampscott town	15		x		
Swansea town	17		x		
Templeton town	18	x			
Tewksbury town	13		x		
Tisbury town	24	x			
Tolland town	16		x		
Topsfield town	9		x		
Townsend town	14		x		
Truro town	23	x			
Tyngsborough town	14		x		
Tyringham town	8		x		
Upton town	13		x		
Uxbridge town	15		x		
Wakefield town	15		x		
Wales town	21	x			
Walpole town	14		x		
Ware town	21	x			
Wareham town	22	x			
Warren town	21	x			
Warwick town	22	x			
Washington town	15		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Watertown town	18	x			
Wayland town	11		x		
Webster town	21	x			
Wellesley town	9		x		
Wellfleet town	20	x			
Wendell town	16		x		
Wenham town	11		x		
West Boylston town	17		x		
West Bridgewater town	19	x			
West Brookfield town	17		x		
West Newbury town	12		x		
West Springfield town	22			x	
West Stockbridge town	17		x		
West Tisbury town	17		x		
Westborough town	10		x		
Westford town	9		x		
Westhampton town	14		x		
Westminster town	13		x		
Weston town	10		x		
Westport town	15		x		
Westwood town	10		x		
Whately town	14		x		
Whitman town	18	x			
Wilbraham town	13		x		
Williamsburg town	18	x			
Williamstown town	16		x		
Wilmington town	15		x		
Winchendon town	21	x			
Winchester town	11		x		
Windsor town	17		x		
Winthrop town	18	x			
Woburn city	18	x			
Worthington town	16		x		
Wrentham town	10	x			

EXHIBIT 4

COMMUNITY-WIDE NEEDS INDICATORS

MUNICIPALITY: COUNTY:		2000(02) Raw Number	Percent	Quartile	Maximum Possible Points	Score
A. INDIVIDUAL FACTORS					15.0	0.00
Low/moderate income persons (US Census, 2000 universe: 0).....		0	0.0	0	12.5	0.00
Unemployment rate (average annual 2002)		0	0.0	0	2.5	0.00
B. COMMUNITY FACTORS					10	0.00
% households w/housing cost burden>=30% of household income (US Census, 2000 universe: 0)		0	0.0	0	3.75	0.00
Total levy per capita, % of per capita income (2002 DOR, US Census estimate, 2000 US Census)		\$ 0	0.0	0	3.75	0.00
Units built prior to 1940, % of total units (US Census 2000 universe: 0)		0	0.0	0	2.5	0.00
A and B					25	



EXHIBIT 5

Commonwealth of Massachusetts OFFICE FOR COMMONWEALTH DEVELOPMENT

Mitt Romney, Governor ♦ Kerry Healey, Lt. Governor ♦ Douglas I. Foy, Chief

Enhancing Our Commonwealth

The Office for Commonwealth Development is dedicated to careful stewardship of our natural resources, wise investment in public infrastructure and the expansion of opportunity for all our residents. The beauty and bounty of Massachusetts are the result of decisions made in past generations; our choices today must create value and opportunity for all our residents now and in the future. To improve the health and wealth of all our communities, we must draw together the creativity of our people, the vitality of markets, the resources of government, and the natural treasures we have inherited to design and build communities of diversity and delight for Massachusetts.

The quality of life in all of Massachusetts depends upon growth decisions made in each unique community. Planning for growth in a vibrant Commonwealth means working with those communities to integrate the diverse needs for housing, jobs, services, transportation and historic, cultural, and natural resources. In order to achieve these objectives, the Office for Commonwealth Development will:

- Encourage the coordination and cooperation of all agencies.
- Invest public funds wisely in smart growth and equitable development.
- Give priority to investments that will deliver living wage jobs, transit access, housing, open space, and community-serving enterprises.
- Be guided by the following principles:
 1. **Redevelop first.** Support the revitalization of town centers and neighborhoods. Encourage reuse and rehabilitation of existing infrastructure rather than the construction of new infrastructure in undeveloped areas. Give preference to redevelopment of brownfields, preservation and reuse of historic structures and rehabilitation of existing housing and schools.
 2. **Concentrate development.** Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walkable districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities.
 3. **Be fair.** Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning to ensure social,

economic, and environmental justice. Make regulatory and permitting processes for development clear, transparent, cost-effective, and oriented to encourage smart growth and regional equity.

4. **Restore and enhance the environment.** Expand land and water conservation. Protect and restore environmentally sensitive lands, natural resources, wildlife habitats, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open space. Preserve critical habitat and bio-diversity. Promote developments that respect and enhance the state's natural resources.
5. **Conserve natural resources.** Increase our supply of renewable energy and reduce waste of water, energy and materials. Lead by example and support conservation strategies, clean power and innovative industries. Construct and promote buildings and infrastructure that use land, energy, water and materials efficiently.
6. **Expand housing opportunities.** Support the construction and rehabilitation of housing to meet the needs of people of all abilities, income levels and household types. Coordinate the provision of housing with the location of jobs, transit and services. Foster the development of housing, particularly multifamily, that is compatible with a community's character and vision.
7. **Provide transportation choice.** Increase access to transportation options, in all communities, including land and water based public transit, bicycling, and walking. Invest strategically in transportation infrastructure to encourage smart growth. Locate new development where a variety of transportation modes can be made available.
8. **Increase job opportunities.** Attract businesses to locations near housing, infrastructure, water, and transportation options. Expand access to educational and entrepreneurial opportunities. Support the growth of new and existing local businesses.
9. **Foster sustainable businesses.** Strengthen sustainable natural resource-based businesses, including agriculture, forestry and fisheries. Strengthen sustainable businesses. Support economic development in industry clusters consistent with regional and local character. Maintain reliable and affordable energy sources and reduce dependence on imported fossil fuels.
10. **Plan regionally.** Support the development and implementation of local and regional plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the larger commonwealth.

HOUSING DEVELOPMENT SUPPORT PROGRAM

I. PROGRAM DESCRIPTION

A. INTRODUCTION

The Housing Development Support Program (HDSP), a component of the Massachusetts Community Development Block Grant (CDBG) Program, is designed to facilitate project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of small-scale public and private projects which may not be cost-effective under other development assistance programs or with conventional financing. Typical projects can include the moderate and substantial rehabilitation and new construction (within HUD restrictions) of residential and mixed-use structures, the reclamation of abandoned/foreclosed properties, preservation of "at risk" affordable housing, building and site acquisition, demolition, site work and related infrastructure, and the conversion of under-utilized or obsolete structures to housing. Certain homeownership activities are eligible for HDSP assistance, as are projects to assist transitional and special needs housing. In many cases, the units in a HDSP project may be counted toward the municipality's 10% goal for low/moderate income housing.

Project Beneficiaries

The primary requirement for projects funded under the HDSP program is that at least 51% of all residential units must be occupied by low and moderate income households as defined by the U.S. Department of Housing and Urban Development (HUD). Low and moderate income households are defined as households having incomes less than 80% of the area median income. (Refer to Appendix C for income limits). Applicants are encouraged to design projects which assist the neediest households to the maximum extent feasible.

Project Need

HDSP funds are intended to be utilized in conjunction with other public and private resources as a project-specific "gap financing mechanism". Gap financing represents the amount of additional funding needed to make a project feasible.

A project for which HDSP financing is requested must demonstrate the need for such gap financing, the reasonableness of all other project costs when compared to similar projects, and the availability of the other resources which are necessary for the project's implementation. A financing gap may be evidenced by the inability of a project to obtain sufficient financing, or by the inability of project financing to support a desired level of unit affordability. Uses of other Massachusetts Community Development Block Grant resources should not be anticipated in conjunction with a HDSP project. Should this occur, however, the total amount of all CDBG resources including HDSP funds cannot exceed the stated HDSP limit for the project. However, program income generated by a community from other CDBG grants is considered to be a local financial resource and is not subject to this limit.

Project Affordability

Municipalities which receive funding through the HDSP program will be required to execute an agreement with the property owner/developer which assures low and moderate income occupancy, affirmative marketing, and continued unit affordability for the longest possible term, but never for less than fifteen (15) years. “Affordable” means that (1) maximum rents, less an allowance for tenant-paid utilities, will not exceed the lesser of (a) “High Home Rent”⁸, thirty percent (30%) of the monthly income of a household earning sixty-five percent (65%) of area median income adjusted for the number of bedrooms in the unit, or (b) the HUD Fair Market Rent; (2) selling prices in ownership projects will not exceed the guidelines in effect for DHCD’s Local Initiative Program. “Affirmative marketing” means the provision of information regarding the availability of vacant units to eligible persons from all population groups in the housing market area.

Generally, the affordable units in HDSP-assisted housing developments may be included in DHCD’s Subsidized Housing Inventory which is compiled for purposes of Massachusetts General Laws C.40B, § 20-23 (also known as the “Comprehensive Permit Law”). For more detailed information, applicants should refer to “Notes To Accompany DHCD’s Subsidized Housing Inventory” available at www.mass.gov/dhcd.

B. ELIGIBLE APPLICANTS

Applications must be submitted by the community's Chief Elected Official. Projects may be carried out by public or private non-profit organizations, such as community development corporations (CDCs), regional or local housing authorities (LHAs), or by for-profit developers. These applications must however, be submitted by the municipality where the project is located. **Project development/implementation and grant administration functions may not be performed by the same entity.**

C. ELIGIBLE ACTIVITIES/PROJECTS

HDSP funds are available to communities to carry out a variety of activities directly in support of the creation, preservation and/or improvement of housing for occupancy primarily by residents of low and moderate income, both public and private. Eligible activities include: acquisition, infrastructure improvements, architectural and engineering activities, removal of architectural barriers, relocation assistance, and the rehabilitation of structure(s). Typical projects include moderate or substantial rehabilitation of residential and mixed use buildings, reclamation of

⁸Currently, this formula is the same as that applicable to units occupied by “low income families” in the federal Home Investment Partnerships Program. See Appendix C for HDSP Affordable Rent Schedule.

abandoned/foreclosed properties; elderly, transitional and special needs housing and conversion to housing of obsolete and under-utilized structures such as vacant school and mill buildings. Completed projects and those which are currently under construction will be ineligible for HDSP assistance.

All activities must be listed as eligible under Section 105(a) of Title 1 of the Housing and Community Development Act of 1974 (as amended). (See Appendix D.)

Project Types

HDSP funds are available to assist in a variety of projects which involve the creation, preservation and improvement of affordable housing. These projects fall within three general categories of eligibility: housing rehabilitation, mixed-use projects, and new construction. All projects must comply with applicable federal, state, and local housing codes upon completion.

Housing Rehabilitation

The HDSP encourages the rehabilitation of both publicly and privately owned existing housing units. Moderate as well as substantial rehabilitation needs may be addressed for the purpose of correcting code violations and replacing major building systems which are obsolete or in danger of failure. The costs of financing a HDSP project must be able to support housing costs which are subsequently affordable to low and moderate income occupants.

Mixed Use Projects

HDSP provides funding for the renovation of projects involving a mix of residential and commercial uses where the housing component is to be at least 51% occupied by low and moderate income households. Communities may apply for assistance under this mixed-use component subject to the following criteria:

- HDSP costs may only be used to pay for housing-related rehabilitation costs.
- Non-residential project costs can be counted toward the Total Development Cost (TDC) when determining the project financing gap and the amount of HDSP funds needed.

New Construction

Production of public or private housing, and other types of housing designed to promote long-term affordability for low and moderate income families are eligible to apply for HDSP assistance.

HDSP funds may be used to leverage state and federal production program resources for projects which would not be feasible but for HDSP assistance.

Some projects that could be funded under HDSP guidelines may be affected by HUD rules which prohibit funds from being used for new construction except for revitalization activities carried out by neighborhood-based non-profit organizations. However, this rule does not prohibit the use of funds for clearance, acquisition, public infrastructure, and some housing preconstruction costs such as surveys and site/utility plans.

D. INELIGIBLE ACTIVITIES/PROJECTS

The following activities are normally considered ineligible for HDSP assistance: new housing construction (except as authorized for neighborhood revitalization purposes when carried out by eligible sub-recipients as a neighborhood revitalization activity), general government expenses, buildings, or portions thereof used for the general conduct of government, and political activities, equipment purchase, operating and maintenance expenses, contingencies, project costs incurred prior to environmental review clearance and grant contract execution, and other activities not specifically listed as eligible under Title I, Section 105(a) of the Housing and Community Development Act of 1974 (as amended). Certain activities, even if they would otherwise be eligible under the CDBG regulations, cannot be assisted with HDSP funds if not directly related to a HDSP project.

Communities that have questions whether a proposed project is eligible or ineligible should contact the HDSP staff at (617) 727-7001, extensions 431 or 432.

E. GRANT ADMINISTRATION

Up to 18% of the total grant amount can be used for general administrative purposes. These include such personnel costs as financial/secretarial support and a grant manager to oversee program operations; and certain non-personnel expenses such as telephone, copying charges, an audit and other “overhead” types of costs. The cost of delivering a program service, such as the time spent by a housing rehabilitation specialist to inspect dwelling units, develop work write-ups, obtain bids, and supervise construction work is a delivery cost which is not included in the general administration cap of 18%. These costs must be built into the overall program cost. The administrative and program delivery cost budget forms provided in this application are designed to help you allocate grant management charges between general administration and service delivery costs. Appendix E of this application provides examples of overall salary and non-salary related costs.

DHCD reserves the right to reduce the award of funds for a program when either the delivery or general administration costs are excessive or unreasonable. Further, as DHCD monitors a grant for federal compliance, communities must maintain sufficient documentation to show that costs charged to a program were actually service-related and not overhead or general administration-related. In any case it will be the grant recipient’s burden to prove the reasonableness and eligibility of program delivery costs in both the application, and later, in actual practice.

Communities may be reimbursed up to \$6,000 for consultant services in the preparation of a successful HDSP application. Unless utilizing a designated non-profit organization for this purpose, the community must follow a competitive selection process. Under no circumstances may a community contract with a consultant to prepare the application and guarantee the consultant the job of administering the HDSP grant if the proposal is successfully funded.

In some instances, public or private entities may play a role in HDSP grant administration on behalf of a community, **but they cannot act as both grant administrator and project developer.** Regardless of the management approach to be followed, all communities must be able to demonstrate that they currently possess, or can quickly acquire, the administrative capacity to properly oversee grant and project implementation. **Relevant CDBG grant management experience is required.**

II. APPLICATION PROCEDURES & FORMS:

Applications are due by 5:00 p.m. or the end of business day on **Thursday, November 13, 2003** for the first round of FY 2004 funds, and **Thursday, May 6, 2004** for the second round.

Communities must submit a Notice of Intent (NOI) in order to apply for FFY 2002 HDSP funds. The NOI may be obtained by contacting HDSP staff, and must be submitted under signature of the community's Chief Elected Official.

The NOI must be received by DHCD at least seven (7) weeks prior to the application due dates. The NOI must be received by DHCD no later than **Thursday, September 25, 2003** for the first round of FY 2004 funds, and **Thursday, March 18, 2004** for the second round.

The items listed below constitute a complete application for HDSP funds. Applicants must follow this format and include all of the requested information in their proposals to DHCD. Do not include attachments or other documents in lieu of the information requested in this format. The total **narrative** portion of the text should be **no more than 15 pages**. **Please tab and provide headings for each section, number all pages, and include a table of contents.**

Each HDSP application must include a completed hard copy of the One-Stop Affordable Housing Finance Application **with all required Exhibits** (see Appendix A).

Note to Applicants: *Proposals which include a completed title search and Phase I - 21E assessment will receive additional points under the Readiness Scoring Criteria.*

Communities must submit one original and three copies of their application to:

Housing Development Support Program
Massachusetts Department of Housing and Community Development
One Congress Street, 10th Floor

Boston, MA 02114

Questions regarding this application may be directed to HDSP staff who can be reached at (617) 727-7001 x 431 or 432. The components of a complete application include:

- Item 1-1 Application Cover Sheet (Form)
- Item 1-2 Community Development Strategy/Sustainable Development Principles
- Item 1-3 Project Description (Narrative)
 “One-Stop” Affordable Housing Finance Application, (Form and Exhibits)
- Item 1-4 Grant Management Plan (Narrative)
- Item 1-5 Program Delivery and General Administrative Costs Breakdown (Forms)
- Item 1-6 Budget Summary (Form)
- Item 1-7 Affordability and Recapture Plan (Narrative)
- Item 1-8 Relocation Anti-Displacement (Form)
- Item 1-9 Relocation and Anti-Displacement Certification (Form)
- Item 1-10 Citizen Participation Plan (Narrative)
- Item 1-11 Public Hearing Documentation Instructions (Form)
- Item 1-12 Program Income Plan (Narrative)
- Item 1-13 Program Income Certification (Form)
- Item 1-14 Chief Elected Official Certification (Form)
- Item 1-15 Chief Financial Officer Certification (Form)

Item Title: APPLICATION COVER SHEET (Form)

Item No.: 1-1

Instructions: The following instructions should be followed when completing this form.

APPLICANT:

1. Community: The complete name of the applicant community.
2. Address: General mailing address to which official Housing Development Support Program correspondence should be sent.
3. Contact Person: Name and title of the local official responsible for preparing this application.
4. Address: Mailing address of the Contact Person listed in (3) above. If it is the same as the "Address" information, list "Same".
5. Telephone Number: Number where the Contact Person can be reached during working hours. Include, if possible, the fax number and e-mail address of the Contact Person.
6. Executive Order 418 Certification:

Applicants must check the proper box indicating status of certification with Executive Order 418 (E.O. 418): certified, awaiting certification, request for certification attached with application.

- Non-competitive programs (Mini-Entitlement, Ready Resource, Massachusetts Community Capital Fund, Bridge Financing Programs, Reserves, and Section 108) require applicants to be certified to be in compliance with E.O. 418. Competitive programs (Community Development Fund I and II, Housing Development Support Program) will have up to 10% of their score added if applicants are certified to be in compliance with E.O. 418, and have met applicable scoring thresholds.

For more information see the DHCD Web site or contact DHCD.

PROPOSED PROJECT

7. Project Name: Please provide if project is commonly referred to by name.
8. Use of Funds: List the requested HDSP funding by major category.
9. Grant Request: List the requested HDSP funding levels for each proposed category, including the total amount requested.

AUTHORIZATION

10. The Applicant Cover Sheet must be signed by the Chief Elected Official or by Chief Executive Officer (if so authorized by the city or town charter). The individual who signs the cover sheet must be the official who is authorized to obligate your city or town to legal contracts. If this is other than your chief elected official (i.e., Chairman of the Board of Selectmen or Mayor), furnish appropriate documentation in an appendix, which proves the contractual authority of the person who signs your application cover sheet. For joint applications, this would be the Chief Elected Official or Chief Executive Officer in the lead municipality.
11. The completed Application Cover Sheet must be the first page of the grant application.

HOUSING DEVELOPMENT SUPPORT PROGRAM

MASSACHUSETTS COMMUNITY DEVELOPMENT BLOCK GRANT

APPLICATION COVER SHEET

(Form 1-1)

APPLICANT

Community: _____

Address: _____

Individual who prepared Grant Application _____

Contact Person: (Name) _____ (Title) _____

Address: _____

Phone: _____

Fax: _____ E-Mail _____

PROPOSED PROJECT

Project Name: _____

Use of Funds (indicate amount for each category applied for)

Acquisition \$ _____

Demolition \$ _____

Relocation \$ _____

Housing Rehabilitation \$ _____

New Construction \$ _____

Infrastructure Improvements \$ _____

Other: \$ _____

Administrative Costs \$ _____

Total HDSP Grant Request: \$ _____

Executive Order 418 Certification:

Included with application

Date Certified _____ ☐

Awaiting Certification ☐

Request attached ☐

AUTHORIZATION

Name of Chief Elected Official

Signature Chief Elected Official (CEO)

Title

Date

Phone Number of CEO

To the best of my knowledge, information in this application is true and correct.

Item Title: COMMUNITY DEVELOPMENT STRATEGY (Narrative)
SUSTAINABLE DEVELOPMENT PRINCIPLES (Narrative)

Item No.: 1-2

- Instructions:
- a) Briefly describe the need for the proposed HDSP project and its consistency with the community's Community Development Strategy (CDS). For more information about CDS requirements, please refer to the FY 2004 One Year Plan, Section D7. The Community Development Strategy must be submitted as part of the HDSP application.
 - b) Briefly describe how and to what extent the proposed HDSP project is consistent with the Sustainable Development Principles in Exhibit 5 of the FY 2004 Draft One Year Action Plan.

Item Title: PROJECT DESCRIPTION/"ONE STOP" AFFORDABLE HOUSING
FINANCE APPLICATION (Narrative and Forms)

The "One Stop" application was developed by Massachusetts affordable housing lenders to provide a single application that can be submitted to any or all of the participating lenders, including DHCD. It is intended to simplify the process of assembling the financial resources necessary to complete an affordable housing project.

Item No.: 1-3

Instructions: Briefly summarize the project by describing its key aspects including what will be accomplished on the site or building, number and type of units, developer identity, housing type and proposed clientele, and affordability terms. For mixed-use projects, identify existing or proposed businesses and number and type of jobs to be created/retained.

1. Describe the financing mechanism proposed for the utilization of HDSP, the specific activity(ies) for which the funds will be used (e.g., acquisition, housing rehabilitation, infrastructure improvements, etc.), and the bidding and contract procurement processes to be followed. A competitive process is required. HDSP funds may be provided to a project in the form of a deferred payment or amortized loan. Repayment terms and their affect on project cash flow and affordability should be carefully reviewed when making this determination.

HDSP funds may not be fully disbursed prior to final completion of the project. Typically, a pro-rata disbursement process may be utilized; however, this should be discussed with HDSP staff. Performance bonding may also be required.

Applicants are encouraged to consolidate HDSP funding requests into the fewest number of budget line items as possible. For example if a project with total development costs of \$900,000 requires \$300,000 in HDSP assistance and involves rehabilitation, site work and infrastructure, HDSP funds should be allocated to a single activity which is estimated to cost at least \$300,000.

2. **Applicants must provide in this section, a viable contingency plan for cost overruns that does not include HDSP or other CDBG funds (excluding program income). Documentation should be included in Exhibit 23.**

3. Include as part of this section a completed hard copy of the “One Stop”, including computer-generated sections and non-computerized HDSP attachments. **A list of required exhibits is included as Appendix A.** The application is computer generated, although applicants may submit a manually-generated “One-Stop” if they prefer. The computerized version is preferable, as it can assist you in completing certain calculations and pro-formas, and allows you to modify some elements without having to re-do the entire application. The “One Stop” application includes complete instructions and is available on disc from Massachusetts Housing. To obtain the “One Stop” application, contact Amelia Cruz Donough at 617-854-1359. **Do not include any HDSP project delivery or general administrative costs within the One-Stop.**

Item Title: GRANT MANAGEMENT PLAN (Narrative)

Item No.: 1-4

Instructions: The Grantee has overall responsibility for grant administration. All applicants must demonstrate that they currently have, or will be able to obtain, the management capacity to administer a CDBG grant. **Relevant CDBG grant management experience is required and subject to DHCD approval.** Describe the plan for grant administration, including the following:

1. In order to document this capacity, each applicant is required to describe a management plan for the administration of this grant. The plan must provide a system of checks and balances and adequate internal controls for delegation and oversight of all grant management activities. For example, an entity that receives a subgrant to deliver a service/program cannot be the same entity that provides overall grants management with the grant award.
2. Provide a grant management organizational chart which (a) identifies the relative position of the public office or official within the local government who will have primary responsibility for oversight of the Community Development Block grant; (b) indicates how the CDBG administrative structure fits into the general municipal administration.
3. If any portion of this grant is to be sub-contracted to another local agency for implementation, that agency should be identified and its relationship to the local government fully explained. If any portion of this grant is to be sub-contracted to a private firm or organization, the applicant should explain exactly what that organization will do and what its relationship will be with the local government.
4. List the staff positions assigned to grant management including project delivery.
5. Describe the responsibilities for each position listed by each project such as monitoring individual projects for timely implementation and compliance with applicable regulations, compiling and submitting grant reports, supervising personnel, initiating and obtaining approval for program and budget amendments, and processing requests for payment and ensuring that appropriate financial records are maintained.

Depending upon type of project proposed and specific uses for HDSP funds, grant management functions may include but will not necessarily be limited to some combination of the following: environmental review; income eligibility; architectural, engineering, and consultant procurement; contract preparation, approval and execution; preparation of work write-ups, cost estimates, construction plans, specifications, and bid packages; construction bidding and contract award; oversight of architects, engineers, consultants; construction and Davis-Bacon wage monitoring; legal, including loan and affordability documents; financial review and approval of contractor/vendor invoices, record keeping, and accounting; program reporting.

6. Estimate the amount of time needed for each staff to perform these function (% FTE). Demonstrate that the time allotted is sufficient given the responsibilities assigned.

7. Demonstrate the existing staff assigned these responsibilities is qualified to perform them or if the position is not filled, provide a list of qualifications needed for the person who will fill the position.
8. All staff positions must be consistent with the Program Delivery and Administrative Cost Breakdown Part A in the following section.

NOTE: Grant recipients must comply with 24 Code of Federal Regulations Part 85 which requires “maximum free and open competition” for all contractual services, and the Massachusetts General Law, Chapter 30B. Therefore, no professional or technical firms can be placed under contract until required procurement procedures have been followed. (The only exception to this rule is regional or local housing authorities, specially designated neighborhood non-profits or other organizations, as provided for by HUD regulations.)

Item Title: PROGRAM DELIVERY AND ADMINISTRATIVE COSTS BREAKDOWN
 (Forms)

Item No.: 1-5

Instructions: Part A: Personnel and Fringe Benefit costs must be allocated by position and corresponding budget project. Costs must be consistent with the grant management plan.

Part B: Non-Personnel costs consist of those sundry items needed in support of office overhead and program operation. Those costs identified with an asterisk (*) below have been classified as solely General Administrative costs and cannot be charged otherwise.

Do not fill in shaded areas.

1. Membership, Publications(s), etc.: Dues for professional associations and subscriptions relating to overall information and guidelines administering a CDBG program
2. Training and Education: Conferences, seminars, etc., relating to the management of the grantee's CDBG program.
3. Travel: Mileage, parking, tolls charged by an employee when using their own car for overall management functions, or on-site inspections of CDBG activities. This may also include travel costs for conferences and seminars.
4. Accounting, Disbursement Services: Those services provided by an accounting firm to create and/or maintain accounting records for the grantee's program. Check writing, payroll service costs charged by banks.
5. Legal Services: Attorney's fees for guidance relating directly to the grant program activities.
6. Advertising: Publicized announcements relating to public hearings, procurement, hiring, and program outreach for a specific project.
7. Reproduction/Printing: Brochures, forms, photographs, etc., needed in either the promotion or overall management of the grant program.
8. *Communications: Telephone, postal, and messenger services.
9. Supplies and Materials: General office supplies used in overall management program.
10. Maintenance and Repairs: Those costs that are necessary for the upkeep of property but do not add to the permanent value or prolong the intended life of the property. Administrative costs might consist of a Community Development Office, equipment maintenance/repair agreements and other general repair within the Community Development Office.
11. *Audit: Single audits required to be performed on all federal funds at the recipient level, (excludes agency-level audits of sub-recipients) in accordance with 24 CFR Part 85. The

ratio of CDBG funds expended to other federal funds expended determines the CDBG contribution to the cost of the Single Audit.

12. Computers and related equipment: Lease or purchase of computer services. NOTE: Communities that do not have computers available to operate the CDBG grants management/accounting software MUST budget for the purchase of a IBM compatible PC.
13. Equipment: Lease or purchase of general office equipment such as typewriters, desks, copies, chairs, file cabinets, etc.
14. Professional Services: Professional services rendered by individuals or organizations not a part of the grantee department administering the grant program.
15. Application Preparation: CDBG application preparation (NOTE: \$2,500 is the ceiling on CDBG funds that can be paid to a consultant for application preparation).
16. Other: Specify miscellaneous costs related to the grant program.

Part C: The Indirect Percent Rate charged by an administering entity (if the grantee will engage in the services of such an entity) must be in accordance with a certified Indirect Cost Allocation Plan prepared by a CPA firm. This percentage is an assessment of total indirect costs which can not be clearly attributable to a particular program (i.e. space, heat, utilities, maintenance are some examples). If the rate/percentage is calculated based upon agency wide direct salaries, then the percentage derived is first calculated against the total CDBG general and program administration as a whole. Then that amount is broken down further by the percentages by each admin. budget within this form.

Part D: Add the sub-totals for Parts A, B, C and enter in all columns.

Part E: Calculate each column (2 through 6) in comparison to the total grant request to determine the percentage for each program delivery and general admin. activity. Please note that General Administration can not exceed 18% of the total grant request.

* These costs are usually allocated to General Administrative rather than Program Delivery costs.

(Form 1-5)
HOUSING DEVELOPMENT SUPPORT PROGRAM

MASSACHUSETTS CDBG PROGRAM

PART A Program Delivery/General Administrative Cost Breakdown - Personnel, Fringe Benefits

	(1)	(2)		(3)		(4)		(5)		(6)		(7)	(8)
A	COST CATEGORY	HOUSING REHAB. (4a)		ECONOMIC DEVEL. (5a)		INFRA/PUB FACILITIES (6a)		SOCIAL SERV. (8a)		GENERAL ADMIN. (9)		TOTAL CDBG FUNDS	OTHER TOWN/AGENCY FUNDS
A1	Personnel (list each position)		%		%		%		%		%		
A2	Fringe Benefits (list for each position)												
A3	Sub-Total Personnel Costs (A1 & A2)												

(Form 1-5)
HOUSING DEVELOPMENT SUPPORT PROGRAM

MASSACHUSETTS CDBG PROGRAM

PART B - Program Delivery And General Administrative Costs Breakdown - Non Personnel, Indirect Costs, Grand Total

B	COST CATEGORY	HOUSING REHAB. (4a)	ECONOMIC DEVEL. (5a)	PUBLIC FACILITIES (6a)	SOCIAL SERVICES (8a)	GENERAL Admin (9)	TOTAL CDBG Funds	Other Funds Town/ Agency
1	Membership/Publications, etc.							
2	Training & Education							
3	Travel							
4	Accounting/disbursements	XXXXXXXXXX	XXXXXXXXXX	XXXXXXX	XXXXXXXXXX			
5	Legal Services							
6	Advertising							
7	Reprod./Printing							
8	Communications	XXXXXXXXXX	XXXXXXXXXX	XXXXXXX	XXXXXXXXXX			
9	Supplies & Materials							
10	Maintenance & Repairs							
11	Audit	XXXXXXXXXX	XXXXXXXXXX	XXXXXXX	XXXXXXXXXX			
12	Data Processing							
13	Equipment							
14	Professional Services							
15	App. Preparation	XXXXXXXXXX	XXXXXXXXXX	XXXXXXX	XXXXXXXXXX			
16	Other							
Sub-total B (1-16)								
	DIRECT TOTAL (\$) A & B							
C	INDIRECT RATE ____%	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXX X	XXXXXXXXXX	XXXXXX	XXXXXX	XXXXX XX
	INDIRECT COSTS (\$)							
D	GRAND TOTAL COSTS (\$) Parts A,B,C							
E	% Share of CDBG Request							

Item Title: BUDGET SUMMARY (Form)

Item No.: 1-6

Instructions: Applicants should take care to ensure that all costs listed on the Budget Summary sheet correspond to the cost summaries detailed in the Project Description. Examples have been used below to illustrate the proper uses of this form. Please do not fill in shaded areas.

1. Program/Project/Activity: The categories listed in this column represent the major areas that an applicant is likely to undertake with HDSP funds. Those categories preceded by an numeral (i.e., 1,2,3,9) are the major components of an applicant's proposal, while those with A, B, C, ... are subsidiary activities of the same major functions. Since this is not an exhaustive listing of possible activities, the applicant should use the "other" line(s) as may be appropriate.

2. HDSP Funds: Under this column, list the individual costs of each project to be undertaken.

Example: If an applicant is seeking \$200,000 in HDSP funds to undertake a housing rehabilitation project, the following would apply for this particular column:

4.A	Program Delivery	\$ 18,000
4.C	Rehabilitation Loan/Grant	\$182,000

3. Other Funds: Under this column, the total amount of all other public and private resources that is being leveraged by HDSP money, or used in conjunction with this grant to complete a particular project should be listed here. Only funds that have been committed as part of the specific project should be listed in this column, and not those monies previously spent in the area (the latter funds, however, may be referenced in the Project Description). Any other CDBG funds outside of the current request (such as program income from a previous grant) should be listed in this column as well.

Example: If a bank is willing to commit \$200,000 of its own funds to match the rehabilitation loans being made above as part of the HDSP project, the following would be appropriate for this column:

4.C	Rehabilitation Loan/Grant	\$200,000
-----	---------------------------	-----------

In those instances where more than one funding source makes up the commitment of "Other Funds" listed for a particular line item, the total amount should be listed on the appropriate line.

4. Total Program Costs: For each column ("HDSP Funds", "Other Funds", "Total Costs"), the total costs of each of the major program components (i.e. 1, 2, 3, ...) should be summed and listed here.

5. Item 7: Other: Any activity which may not fit under existing categories.

MASSACHUSETTS CDBG PROGRAM
Budget Summary Sheet
Form 1-6

PROGRAM/PROJECT/ACTIVITY		HDSP FUNDS (\$)	OTHER FUNDS
1	PROPERTY ACQUISITION		
2	CLEARANCE/DEMOLITION		
3	RELOCATION		
4	HOUSING REHABILITATION	XXXXXXXXXX	XXXXXXXXXX
A	Program Delivery		
B	Unit Development/Creation		
C	Rehabilitation Loan/Grant		
D	Other		
5	COMMUNITY ECONOMIC DEVELOPMENT	XXXXXXXXXX	XXXXXXXXXX
	Program Delivery	XXXXXXXXXX	
	Acquisition	XXXXXXXXXX	
	Commercial Improvements (Signs/Facades)	XXXXXXXXXX	
	Assist. to For-profits (formally Sm. Business Assist.)	XXXXXXXXXX	
	Infrastructure or Streetscape Improvements	XXXXXXXXXX	
	Planning/Technical Assistance Activities	XXXXXXXXXX	
	Downtown Partnerships/Technical Assistance	XXXXXXXXXX	
	Other/Microenterprise Assistance	XXXXXXXXXX	
6	PUBLIC FACILITIES/INFRASTRUCTURE	XXXXXXXXXX	XXXXXXXXXX
A	Program Delivery		
B	Streets and Sidewalks		
C	Parks and Recreation		
D	Neighborhood Facilities		
E	Parking		
F	Water, Sewer, Drainage		
G	Architectural Barriers		
H	Other		
7	OTHER/PLANNING		
8	PUBLIC SOCIAL SERVICES	XXXXXXXXXX	XXXXXXXXXX
A	Program Delivery	XXXXXXXXXX	XXXXXXXXXX
B	Program Costs	XXXXXXXXXX	XXXXXXXXXX
9	GENERAL ADMINISTRATION		
	TOTAL PROGRAM COSTS		

Item Title: AFFORDABILITY, MARKETING, AND RECAPTURE PLAN (Narrative)

Item No.: 1-7

Instructions: An Affordability and Recapture Plan must be provided by the applicant which outlines what measures the community will undertake to (1) discourage real estate speculation, such as through sale, transfer or change in use of property, (2) ensure that the level of low and moderate income benefit and terms of affordability specified in the applicant's approved proposal are guaranteed for at least 15 years and (3) ensure that information regarding the availability of vacant units is provided to eligible persons from all population groups in the housing market area.

The Affordability and Recapture Plan must include the following provisions:

1. a description of the specific terms to be included in the regulatory agreement and loan documents executed between the community and the property owner including number of units in the project to be occupied by low and moderate income households ("HDSP Units"), maximum rent levels or sales prices, and number of years (minimum of 15 required) that affordability terms will remain in effect. Affordability requirements must be identical for all "HDSP Units". DHCD will provide a model regulatory agreement (Affordable Housing Restriction or Deed Rider) for projects which receive HDSP funding.
2. a description of the process to affirmatively market vacant units to persons of low and moderate income, including methods of informing the public and any required procedures to be followed by the property owner in soliciting applications for available housing. This process shall also apply to any units which may become vacant during the term of the regulatory agreement.
3. methods for community's monitoring of property owner/developer compliance with plan, including designation of local staff persons to monitor provisions of plan; and corrective actions to be taken in cases of non-compliance including provisions for repayment of HDSP funds
4. For homeownership projects, provide a detailed description of a) the process for qualifying and selecting homebuyers; b) curriculum and timetable for homebuyer counseling; c) qualifications and experience of the provider of the services.

Item Title: ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE
PLAN/SUMMARY INSTRUCTIONS (Form):

Item No.: 1-8

Instructions: The applicant community must develop a relocation plan that includes provisions for relocation protection, payments and other assistance for any CDBG-assisted project that will temporarily or permanently displace low and moderate income persons or businesses. The following form requests a *summary* of the information that should be included in the Relocation Plan. The community's actual plan must be maintained on file throughout the life of the grant.

1. Identify the officer (name or position) who will be responsible for the task of overseeing compliance with relocation assistance. Indicate also the number where he/she can be reached.
2. Check off the activity that will result in relocation or displacement. If not indicated here, please describe the activity.
3. Indicate the type(s) of relocation assistance to be provided. Assistance is both required under the federal Housing and Community Development Act and Uniform Relocation Act and is an eligible CDBG-expense.

The plan must identify the activity which may cause the displacement, the number of individuals or businesses to be affected; the likely cost of these actions; and the timing of such actions.

4. Indicate whether **permanent** displacement is anticipated for any of the proposed activities. It is HDSP policy to discourage projects that will cause the permanent displacement of persons, regardless of income. This is why it is important to explain what steps the community will take to minimize displacement during the implementation of proposed activities.
5. Describe the grievance procedure to be followed relative to relocation and displacement. Further, communities should include the procedures which will be followed when removal of lead paint and asbestos abatement occurs. The Massachusetts law on lead paint removal requires temporary displacement of occupants during the abatement process.
6. When undertaking housing and economic development activities, the requirements of the HUD Act of 1974, as amended, Section 104(d) (i.e., one-for-one replacement unit and relocation assistance discussed above) the replacement unit(s) must be:
 - a. provided within three (3) years of commencement of the CDBG-funded project;
 - b. located in the same community (defined as the grantee's jurisdiction)
 - c. sufficient in number and size to house the number of occupants of the lost units, using local housing occupancy codes;
 - d. in standard condition; and,
 - e. designed with a **ten-year** low and moderate income occupancy affordability restrictions.

**ANTI-DISPLACEMENT
AND RELOCATION ASSISTANCE PLAN
(Form 1-8)**

Each grantee must submit a residential relocation assistance plan including provisions for relocation protection, payments, and other assistance. The plan should take into consideration: the types of CDBG-funded activities that will/may lead to displacement, the availability and location of vacant replacement/temporary housing, the special needs of displaced occupants (e.g., children, elderly handicapped, and etc.), and an evaluation of the local resources available to carry out timely and orderly relocation activities.

1. Relocation Officer _____ Telephone _____

2. Activities that will/may result in temporary displacement:

Property Rehabilitation _____

Lead Paint Removal _____

Asbestos Removal _____

Other (explain) _____

3. Types of relocation assistance offered (housing, meals, transportation, etc.), sources of payment (CDBG, landlord, in-lieu of rent, allowance, etc.), and methods of payment (reimbursement, advance, direct payment to provider, etc. (attach separate sheet if necessary):

4. Do you anticipate any permanent displacement? If yes, please explain below:

5. What is your grievance procedure?

6. Procedures to be followed when removing lead paint and asbestos:

Item Title: ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE CERTIFICATION
(Form)

Item No.: 1-9

Instructions: The applicant community, based on its Relocation Plan, must certify that they (and co-applicants, when applicable) will comply with the requirements of the Uniform Relocation Act.

1. This certification is based on a Relocation Plan established by the applicant and serves to bind all participants to comply with the requirements of the Uniform Relocation Act and Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended..
2. This certification form may be signed by the Community Development or Planning Director, or by the Administrative Assistant, or Executive Secretary to the Chief Elected Official, or the Chief Elected Official of the lead community.

**MASSACHUSETTS CDBG PROGRAM
ANTI-DISPLACEMENT & RELOCATION ASSISTANCE
CERTIFICATION
(Under Section 104(d) of the HUD Act of 1974, as amended)
(Form 1-9)**

The Town/City of _____ will replace all occupiable and vacant (for at least 3 months) low-moderate income dwelling units demolished or converted to a use other than as low-moderate income dwelling units as a direct result of activities assisted with funds provided under the Housing and Community development Act of 1974, as amended, described in 24 CFR 570.496(a): (b)(1).

All replacement housing will be provided within three (3) years of the commencement of the demolition or rehabilitation related to conversion [570.496a: (b) (1)]. Before obligating or expending funds that will directly result in such demolition or conversion, the town/city of will make public and submit to the DHCD, if requested, the following information, in writing:

1. A description of the proposed CDBG-assisted activity.
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low-moderate income dwelling units as a direct result of the CDBG-assisted activities.
3. A time schedule for the commencement and completion of the demolition or conversion.
4. The general location, on a map, and approximate number of dwelling units, by size (number of bedrooms), that will be provided as replacement dwelling units.
5. The source of funding and a time schedule for the provision of replacement dwelling units.
6. The basis for concluding that each replacement dwelling unit will remain a low-moderate income dwelling unit for, at least, ten (10) years from the date of the initial occupancy.

The Town/City of _____ will provide relocation assistance, as described in 24 CFR 570.496 (a)(b) to each low-moderate income household displaced by demolition of housing or by the conversion of a low-moderate income dwelling unit to another use as a direct result of CDBG-assisted activities. Consistent with the goals and objectives of activities assisted under the Act, the Town/City of _____ will take steps to minimize displacement of persons from their homes.

Signature

Name

Item Title: CITIZEN PARTICIPATION PLAN (Narrative)

Item No.: 1-10

Instructions: Applicants must include a local citizen participation plan which encourages and provides for participation by citizens (and in particular by low and moderate income persons) during the development of the application, and if funded, during the implementation and evaluation of the program.

1. Communities must include in their application for funding a plan which will incorporate:
 - a. how its citizens, or organized groups like community or neighborhood based organizations, and other potential interested parties, participated in the identification of needs and the development of the proposed activities was accomplished, particularly for low and moderate income persons;
 - b. how the applicant will provide technical assistance to groups who represent low and moderate income persons throughout the grant term;
 - c. over review of program performance will be accomplished during the grant year;
 - d. the procedures and hierarchy for the resolution of complaints and grievances;
 - e. the mechanism through which the needs of handicapped and non-English speaking residents will be accommodated during the citizen participation process.
2. As part of a community's citizen participation process, the applicant is required to hold at least one formal public hearing before submitting an application for HDSP funds. Instructions on the public hearing process follows (Item 1-11) this page.
3. If funded, the community must also hold at least one public hearing during the contract term in order to review performance and respond to questions from the public.
4. If, during the contract term the community decided to amend its grant contract in order to substantially alter the design of a funded activity, delete an activity or add a new one, it must hold a public hearing before petitioning DHCD for a contract amendment.

Item Title: PUBLIC HEARING DOCUMENTATION (Form)

Item No.: 1-11

Instructions: Applicants are required to hold at least *two* final formal public hearings *during a CDBG grant cycle*. At least *one must be held before submitting an application* for CDBG funds. DHCD encourages, but does not require applicants to hold more than one public hearing during the application process.

1. Public hearings should be at least two (2) weeks prior to the submittal of the application.
2. Advance notice must be sufficient to reasonably allow for attendance.

Notices should include:

- a. Identify the public body that is to hold the hearing;
 - b. Identify the project area(s) and proposed activities;
 - c. Identify the agency that is to undertake the project(s);
 - d. Identify the date, time, and place of the hearing; and,
 - e. State that any person or organization wishing to be heard will be afforded an opportunity to be heard.
3. Public notification can include the following: newspaper articles notices; public service spots on radio or cable television; brochures/flyers at various location; bulletin boards, and legal advertisements.
 4. Public Notice Documentation: Describe and attach a copy of the notices, articles, etc., which informed the public of hearing.
 5. Minutes: Attach a copy of the minutes of any hearings. Minutes must include presentations and concerns raised or comments made by those in attendance, and a list of persons who attended the hearing.

Federal FY 2002 Massachusetts CDBG Program

PUBLIC HEARING DOCUMENTATION

(Form 1-11)

PUBLIC HEARING INFORMATION:

Date/Time Held: _____

Number of Attendees: _____

Location: _____

Hearing Officer: _____

Hearing Outreach: _____
(List all sources)

Dates Published: _____

How Published? _____

HEARING NOTICE AND MINUTES DOCUMENTATION:

Attach a copy of the public hearing notice as it appeared in the newspaper(s) listed above, or a copy of the notice as was posted in the appropriate public buildings.

In addition, you must attach a copy of the minutes from the public hearing.

Item Title: PROGRAM INCOME PLAN (Narrative)

Item No.: 1-12

Instructions: Any community which expects to realize some program income as a result of their HDSP program (through loan repayments, recapture, and the like) must indicate in this section how they propose to use their program income.

According to federal regulations and state policy regarding program income, until formal close-out of any grant, the program income generated from that grant may be spent on any CDBG-eligible activity provided that normal program rules and procedures are followed.

The proposed Program Income Plan should follow these guidelines:

1. All communities must estimate how much program income they expect to receive, from what sources, and over what time periods;
2. A description of the eligible CDBG activity proposed for the use of program income must be provided.

Item Title: PROGRAM INCOME CERTIFICATION (Form)

Item No.: 1-13

Instructions: The form must be certified by both the City/Town Treasurer and the CDBG Program Director from the community. If there is no designated director at the time of application, the Chief Elected Official of the Town must sign this certification.

1. The activities which generate program income may include, but are not limited, to the following: (a) proceeds from the sale of real and personal property, in conformity with the Anti-Speculation Plan; (b) principal and interest payments made on a CDBG- funded loan; (c) interest earned from prior lump sum drawdowns, escrow accounts, or revolving loan accounts.
2. There are regulatory requirements that previously funded CDBG grantees must follow when classifying program income. These requirements are dependent upon the fiscal year that generated the program income and if there was a gap in receipt of CDBG funds. Follow the following guidelines when determining the program income.
 - a. Program income earned from CDBG grants starting with federal FY 1993 always maintains its CDBG identity and must be spent according to all CDBG rules and regulations. The only exception where less the \$25,000 in program income is earned during a year.
 - b. Program income earned for fiscal years prior to FY 1993 and the grant has been officially closed-out, and where there is a break in program funding, is not subject to CDBG regulations and therefore, not reported in this certification. For example, a grantee has officially closed its FY 1990 program on 5/15/93. There was no award made in FY 1991. Program income received after 5/15/93 from FY 1990 sources (e.g., loan repayments is not subject to the regulations. However, if a grantee which received FY 1987 grant was closed out effective 5/15/91 and continued to receive grants under FY 1989, and FY 1990, both of which have not been officially closed out, program income will still be reported in this certification.
3. For those grantees who may have existing CDBG grant(s) at the time of application, please *do not include information on the Designated Depository Account*. This account is used solely for the initial receipt and disbursement of funds drawn from the state.
4. Please attach copies of all bank statements relative to the program income accounts.
5. The left column represents the Source(s) of Program Income and the right column represents the Use(s) of Program Income.
6. Under Source(s) there are 4 columns:

- a. Program Year and Activity - Indicate the program year and the activity which generated the program income (e.g. FY 89 - Housing Rehabilitation or FY 89 - Commercial Improvement).
- b. Most recent bank statement should be used.
- c. Account Name and Number - List all the bank account names and corresponding number relative to the source of program income. This should include program income retained by a sub-grantee or administering agency.

DO NOT INCLUDE THE CDBG DESIGNATED DEPOSITORY ACCOUNT nor program income generated from other HUD-administered UDAG Grants.

- d. Amount - Indicate most recent account balance.
7. Under the Applied Activity, there are also 4 columns:
- a. Program Year and Activity Commitments - List all the activities and corresponding FY which will use program income (e.g. - FY 93- Housing Rehabilitation).
 - b. Amount Committed - Indicate the total amount committed for each activity. Please note that commitment here refers to signed contracts.
 - c. Balance Uncommitted - Indicate the amount remaining to be committed for each fiscal year, per activity. Refer to 8(d) and 9(b) above.
 - d. Date of Projected Expenditure - Indicate the anticipated date of expenditure, by activity.

MASSACHUSETTS CDBG PROGRAM
Program Income Certification Form (1-13)

SOURCE				APPLIED ACTIVITY			
Program Year and Activity	Bank Statement Date	Account Name and Number	AMOUNT	Program Year Activity Commitments	Amount Committed	Balance Uncommitted	Date of Projected Expenditure
		TOTAL		TOTAL			
This is to certify that the above noted accounts and amounts accurately reflect the total CDBG Program Income of the Town/City of _____ through the period ending _____ (date)				This is to certify that the above noted accounts and amounts accurately reflect the total CDBG Program Income of the Town/City of _____ through the period ending _____ (date)			
_____ City/Town Treasurer				_____ CDBG Program Administrator or Chief Elected Official			

Item Title: CHIEF ELECTED OFFICIAL (CEO) CERTIFICATIONS (Form)

Item No.: 1-14

Instructions: The Chief Elected Official of the community must sign this certification form.

Chief Elected Official Certifications (Form 1-14)

MASSACHUSETTS CDBG PROGRAM

CHIEF ELECTED OFFICIAL (CEO) CERTIFICATION FORM

On behalf of the applicant, of which I am a duly authorized local official empowered to sign such documents, I certify that the following actions have or will be taken:

1. The applicant possesses the legal authority to make a grant submission.
2. The applicant will minimize displacement resulting from CDBG-funded projects whenever possible, and comply with relocation requirements governing the CDBG program.
3. The project will be conducted in accordance with Title VI and Title VIII of the Civil Rights Act and, further, the applicant will affirmatively further fair housing.
4. The applicant has provided opportunities for citizen participation, and has conducted a public hearing, and has provided information to citizens regarding the project that is to be submitted for CDBG funding consistent with Section 104(a) (2) of Title I of the Housing and Community Development Act of 1974 as amended through 1987.
5. The applicant will not attempt to recover any capital costs of public improvements assisted in whole or in part with CDBG funds by assessing properties owned and occupied by low and moderate persons unless: (A) CDBG funds are used to pay the portion of such assessment that relates to non-CDBG funding or; (B) the applicant certifies to the State that, for the purposes of assessing properties owned and occupied by low and moderate income persons who are not very low income, the applicant does not have sufficient CDBG funds to comply with the provisions of "A" above.
6. In applying for this grant from the Massachusetts Small Cities Program, the applicant understands that its Chief Elected Official is ultimately responsible for compliance with all requirements of the Program, including providing sufficient management oversight to carry out the activities requested hereunder.

Certification Regarding the Use of Force

The Community further certifies that:

1. The applicant will adopt/has adopted and will enforce a policy to prohibit the use of excessive force by law enforcement agencies within their jurisdiction against any individuals engaged in nonviolent civil rights demonstrations.
2. The policy to be adopted or has been adopted is contained in:
 - a. a local legislative act (such as an ordinance); or
 - b. a local administrative act (such as a written statement of policy by the local chief executive); or
 - c. an executive order; or
 - d. a regulation within the police department.
3. The community understands that a new policy need not be adopted if they have and are enforcing a written policy that meets the requirements of Section 519 of the Housing and Community Development act of 1974, as amended.

Certification Regarding Assistance to Primarily Religious Organizations:

The Community further certifies that:

1. Community Development Block Grant [CDBG] funds shall not be provided to primarily religious organizations, such as churches, for any activities including secular activities, or to rehabilitate or construct housing owned by primarily religious organizations or assist primarily religious organizations in acquiring housing. CDBG funds may be provided to a wholly secular entity established by a religious organization, provided that the program or housing receiving assistance is wholly secular in purpose and is available to all persons regardless of religion.

Certification Regarding Lobbying

The Community further certifies that:

1. No federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, or renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an employee or officer of congress, or an employee of a member of congress in connection with this shall complete and submit standard form - III, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers, (including subcontracts, sub-grants, and contracts under grants, loans and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

Certification Regarding Disclosure Requirements for Activities Receiving \$200,000 or More

1. The undersigned shall comply with the requirements of full disclosure for any project or activity proposed for and receiving funding equal to \$200,000 or more. Disclosure will include providing information regarding:
 - assistance from other government sources in connection with the project;
 - financial interests of persons involved in the project (from planning to development to implementation of the project or activity), such financial interests exceeding \$50,000 or 10% of the project assistance requested, whichever is lower; and
 - sources and uses of other funds involved in the project.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, US Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$ 10,000 and not more than \$ 100,000 for each such failure.

By: _____
Signature, Chief Elected Official
(Lead Applicant Only)

Typed Name

Title

Date

Item Title: CHIEF FINANCIAL OFFICER'S CERTIFICATION (Form)

Item No.: 1-15

Instructions: The Chief Financial Officer of your city/town must review your grant budget and determine whether it includes all costs that must be accounted for, given municipal budget procedures that apply to other, non-CDBG funded departments and operations. He or she must sign the certification on the next page, and it must be placed in your grant application, immediately following the Budget Summary Sheet. The Chief Financial Officer is usually the city/town accountant, treasurer or director of finance.

MASSACHUSETTS CDBG PROGRAM
CHIEF FINANCIAL OFFICER CERTIFICATION
1-15

Budget Summary/Administrative Cost Breakdown:

This is to certify that the Budget Summary and Administrative Cost Breakdown forms included in the City/Town of _____'s application to the Massachusetts CDBG Program have been reviewed and determined to be a fair and accurate accounting of allowable and reasonable costs.

The costs identified compare consistently with those described for each requested program activity identified in this application.

By:

Chief Financial Officer

City/Town of _____

Signature

Typed Name

Title

Date

APPENDICES

APPENDIX A

“One-Stop” Affordable Housing Finance Application Required Exhibits and Attachments

Note: These must be submitted as part of the HDSP application

	DHCD HDSP
<i>General Exhibits:</i>	
1 Site Information	Y
2 Environmental	Y
3 Evidence of Zoning	Y
4 Evidence of Site Control	Y
5 Evidence of Local Support	N
6 Market Information and Acquisition Value	Y
7 Marketing Plan*	N
8 Affirmative Fair Marketing Plan	N
9 Equal Opportunity Questionnaire	N
10 Sales Prices and Affordability*	Y*
11 Construction Period Sources and Uses	N
12 Tax-Exempt Project Information*	N*
13 Relocation Plan*	N
14 Special Needs Service Plan*	Y*
15 Required Tax Credit Certifications*	N
<i>Design Exhibits:</i>	
16 Preliminary Plans and Specifications	Y
17 Commitment Drawings and Specifications	N
18 Soil and/or Structural Report*	N
19 Energy Budget	N
<i>Funding Interest/Commitments:</i>	
20 Construction Financing	Y
21 Permanent Financing	Y
22 Equity Commitment*	Y*
23 Other Funding Commitments*	Y*
24 Rental Subsidies*	Y*
<i>Developer Team Information:</i>	
25 Developer Profile	Y
26 Mortgagor's Other Real Estate	Y
27 Architect's Resume	N
28 Management Agent Profile	N
29 General Contractor's Profile	L
30 Financial Statement and Credit Release	N
31 Mortgagor Personal Financial Statement	N
32 Individual Financial Profile	N
33 General Contractor's Financial Capacity	N

*Only if applicable (see instructions in “One Stop.”)

Legend:

Y = Yes, required; application will be deemed incomplete if not submitted.

N = Not required.

L = Not required with application, but may be required prior to commitment or closing; should be submitted with application if available.

APPENDIX B

Entitlement Communities

Entitlement Communities receive Community Development Block Grant funding directly from the U.S. Department of Housing and Urban Development (HUD) and are therefore not eligible to apply to the Housing Development Support Program.

CDBG ENTITLEMENT COMMUNITIES IN MASSACHUSETTS

Arlington	Malden
Attleboro	Medford
Barnstable	New Bedford
Boston	Newton
Brockton	Northampton
Brookline	Pittsfield
Cambridge	Plymouth
Chicopee	Quincy
Fall River	Salem
Fitchburg	Somerville
Framingham	Springfield
Gloucester	Taunton
Haverhill	Waltham
Holyoke	Westfield
Lawrence	Weymouth
Leominster	Worcester
Lowell	Yarmouth
Lynn	

APPENDIX C (Income Limits) (Affordable Rent Schedule)

Note: These income limits and rents are included for informational purposes.
They are subject to change by the U.S. Department of Housing and Urban
Development.

APPENDIX C									
FISCAL YEAR 2003 LOW AND MODERATE INCOME LIMITS									
STATE: MASSACHUSETTS									
Effective February 20, 2003									
	PROGRAM	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
MSA BARNSTABLE-YARMOUTH, MA FY 2003 MEDIAN FAMILY INCOME: \$58,700	VERY LOW- INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
PMSA BOSTON, MA - NH FY 2003 MEDIAN FAMILY INCOME: \$80,800	VERY LOW- INCOME LOW-INCOME	\$28,300 \$43,850	\$32,300 \$50,100	\$36,350 \$56,400	\$40,400 \$62,650	\$43,650 \$67,650	\$46,850 \$72,650	\$50,100 \$77,650	\$53,350 \$82,700
PMSA BROCKTON, MA FY 2003 MEDIAN FAMILY INCOME: \$70,300	VERY LOW- INCOME LOW-INCOME	\$24,600 \$39,350	\$28,100 \$45,000	\$31,650 \$50,600	\$35,150 \$56,250	\$37,950 \$60,750	\$40,750 \$65,250	\$43,600 \$69,750	\$46,400 \$74,250
PMSA FITCHBURG-LEOMINSTER, MA FY 2003 MEDIAN FAMILY INCOME: \$62,100	VERY LOW- INCOME LOW-INCOME	\$21,750 \$34,800	\$24,850 \$39,750	\$27,950 \$44,700	\$31,050 \$49,700	\$33,550 \$53,650	\$36,000 \$57,650	\$38,500 \$61,600	\$41,000 \$65,600
PMSA LAWRENCE, MA FY 2003 MEDIAN FAMILY INCOME: \$74,300	VERY LOW- INCOME LOW-INCOME	\$26,000 \$39,550	\$29,700 \$45,200	\$33,450 \$50,850	\$37,150 \$56,500	\$40,100 \$61,000	\$43,100 \$65,550	\$46,050 \$70,050	\$49,050 \$74,600
PMSA LOWELL, MA FY 2003 MEDIAN FAMILY INCOME: \$79,700	VERY LOW- INCOME LOW-INCOME	\$27,900 \$39,550	\$31,900 \$45,200	\$35,850 \$50,850	\$39,850 \$56,500	\$43,050 \$61,000	\$46,250 \$65,550	\$49,400 \$70,050	\$52,600 \$74,600
MSA NEW BEDFORD, MA FY 2003 MEDIAN FAMILY INCOME: \$52,700	VERY LOW- INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
MSA PITTSFIELD, MA FY 2003 MEDIAN FAMILY INCOME: \$56,000	VERY LOW- INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
APPENDIX C									
FISCAL YEAR 2003 LOW AND MODERATE INCOME LIMITS									

STATE: MASSACHUSETTS Effective February 20, 2003									
----- INCOME LIMITS -----									
	PROGRAM	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
PMSA PROVIDENCE-FALL RIVER-WARWICK FY 2003 MEDIAN FAMILY INCOME: \$58,400	VERY LOW-INCOME LOW-INCOME	\$23,550 \$37,700	\$26,900 \$43,050	\$30,300 \$48,450	\$33,650 \$58,850	\$36,350 \$58,150	\$39,050 \$62,450	\$41,750 \$66,750	\$44,400 \$71,050
MSA SPRINGFIELD, MA FY 2003 MEDIAN FAMILY INCOME: \$56,800	VERY LOW-INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
AREA WORCESTER, MA-CT FY 2003 MEDIAN FAMILY INCOME: \$68,000	VERY LOW-INCOME LOW-INCOME	\$23,800 \$38,100	\$27,200 \$43,500	\$30,600 \$48,950	\$34,000 \$54,400	\$36,700 \$58,750	\$39,450 \$63,100	\$42,150 \$67,450	\$44,900 \$71,800
COUNTY BARNSTABLE COUNTY FY 2003 MEDIAN FAMILY INCOME: \$58,600	VERY LOW-INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
COUNTY BERKSHIRE COUNTY FY 2003 MEDIAN FAMILY INCOME: \$57,200	VERY LOW-INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
COUNTY DUKES COUNTY FY 2003 MEDIAN FAMILY INCOME: \$61,100	VERY LOW-INCOME LOW-INCOME	\$21,400 \$34,200	\$24,450 \$39,100	\$27,500 \$44,000	\$30,550 \$48,900	\$33,000 \$52,800	\$35,450 \$56,700	\$37,900 \$60,600	\$40,350 \$64,500
COUNTY FRANKLIN COUNTY FY 2003 MEDIAN FAMILY INCOME: \$56,300	VERY LOW-INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700
COUNTY HAMPDEN COUNTY FY 2003 MEDIAN FAMILY INCOME: \$64,500	VERY LOW-INCOME LOW-INCOME	\$22,600 \$36,100	\$25,800 \$41,300	\$29,050 \$46,450	\$32,250 \$51,600	\$34,850 \$55,750	\$37,400 \$59,850	\$40,000 \$64,000	\$42,550 \$68,100
COUNTY HAMPSHIRE COUNTY FY 2003 MEDIAN FAMILY INCOME: \$64,600	VERY LOW-INCOME LOW-INCOME	\$22,600 \$36,200	\$25,850 \$41,350	\$29,050 \$46,500	\$32,300 \$51,700	\$34,900 \$55,800	\$37,450 \$59,950	\$40,050 \$64,100	\$42,650 \$68,200
COUNTY NANTUCKET COUNTY FY 2003 MEDIAN FAMILY INCOME: \$74,900	VERY LOW-INCOME LOW-INCOME	\$29,000 \$46,400	\$33,150 \$53,050	\$37,300 \$59,700	\$41,450 \$66,300	\$44,750 \$71,650	\$48,100 \$76,950	\$51,400 \$82,250	\$54,700 \$87,550
COUNTY WORCESTER COUNTY FY 2003 MEDIAN FAMILY INCOME: \$57,200	VERY LOW-INCOME LOW-INCOME	\$21,100 \$33,750	\$24,100 \$38,600	\$27,150 \$43,400	\$30,150 \$48,250	\$32,550 \$52,100	\$34,950 \$55,950	\$37,400 \$59,800	\$39,800 \$63,700

APPENDIX C
U.S. Department of HUD
State: Massachusetts – Effective April 11, 2003
CDBG AFFORDABLE RENT SCHEDULE

	PROGRAM	SINGLE ROOM OCCU- PANCY	EFFI- CIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM
MSA	:Barnstable-Yarmouth, MA HIGH HOME RENT LIMIT FAIR MARKET RENT		532 532	712 712	861 951	985 1,192	1,079 1,334	1,172 1,534	1,266 1,734
PMSA	:Boston, MA-NH HIGH HOME RENT LIMIT FAIR MARKET RENT		899 953	964 1,074	1,159 1,343	1,331 1,680	1,465 1,972	1,599 2,267	1,732 2,563
PMSA	:Brockton, MA HIGH HOME RENT LIMIT FAIR MARKET RENT		614 614	809 809	993 993	1,154 1,234	1,268 1,407	1,380 1,618	1,494 1,829
MSA	:Fitchburg-Leominster, MA HIGH HOME RENT LIMIT FAIR MARKET RENT		418 418	588 588	764 764	982 982	1,067 1,067	1,210 1,227	1,306 1,387
PMSA	:Lawrence, MA-NH HIGH HOME RENT LIMIT FAIR MARKET RENT		607 607	733 733	923 923	1,153 1,153	1,343 1,418	1,464 1,630	1,585 1,843
PMSA	:Lowell, MA-NH HIGH HOME RENT LIMIT FAIR MARKET RENT		646 646	835 835	1,009 1,009	1,264 1,264	1,413 1,413	1,576 1,624	1,707 1,836
MSA	:New Bedford, MA HIGH HOME RENT LIMIT FAIR MARKET RENT		562 562	686 686	781 781	976 976	1,079 1,096	1,172 1,260	1,266 1,424
	PROGRAM	SINGLE ROOM OCCU- PANCY	EFFI- CIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM

MSA	:Pittsfield, MA HIGH HOME RENT LIMIT FAIR MARKET RENT		347 347	493 493	607 607	762 762	943 943	1,084 1,084	1,225 1,225
PMSA	:Providence-Fall River- Warwick, RI-MA HIGH HOME RENT LIMIT FAIR MARKET RENT		407 407	555 555	667 667	837 837	1,032 1,032	1,186 1,186	1,341 1,341
MSA	:Springfield, MA HIGH HOME RENT LIMIT FAIR MARKET RENT		432 432	535 535	674 674	843 843	1,037 1,037	1,172 1,192	1,266 1,348
AREA	:Worcester, MA-CT HIGH HOME RENT LIMIT FAIR MARKET RENT		521 521	629 629	785 785	980 980	1,099 1,099	1,263 1,263	1,428 1,428
COUNTY	:BARNSTABLE COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		519 519	712 712	861 947	985 1,185	1,079 1,328	1,172 1,527	1,266 1,726
COUNTY	:BERKSHIRE COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		413 413	502 502	592 592	812 812	973 973	1,118 1,118	1,264 1,264
	PROGRAM	SINGLE ROOM OCCU- PANCY	EFFI- CIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM

COUNTY	:DUKES COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		675 700	713 713	872 948	999 1,186	1,094 1,331	1,189 1,530	1,284 1,730
COUNTY	:FRANKLIN COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		445 445	552 552	706 706	884 884	1,068 1,068	1,172 1,228	1,266 1,388
COUNTY	:HAMPDEN COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		449 449	613 613	817 817	1,057 1,087	1,159 1,341	1,260 1,542	1,362 1,743
COUNTY	:HAMPSHIRE COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		630 630	637 637	850 850	1,058 1,067	1,160 1,193	1,262 1,371	1,364 1,550
COUNTY	:NANTUCKET COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		796 796	990 1,067	1,191 1,423	1,367 1,778	1,505 1,991	1,642 2,289	1,781 2,588
COUNTY	:WORCESTER COUNTY HIGH HOME RENT LIMIT FAIR MARKET RENT		501 501	523 523	696 696	872 872	975 975	1,121 1,121	1,266 1,267

FY 2003 STATE LIST OF COUNTIES (AND NEW ENGLAND TOWNS)
IDENTIFIED BY METROPOLITAN AND NONMETROPOLITAN STATUS

U.S. Dept. of HUD
January 2003

U.S. DEPT. OF HUD FY 2003 INCOME LIMITS AREA DEFINITIONS		
STATE LIST OF COUNTIES (AND NEW ENGLAND TOWNS) IDENTIFIED BY METROPOLITAN AND NONMETROPOLITAN STATUS - MASSACHUSETTS		
----PMSA/MSA METROPOLITAN AREAS----		----- T O W N S -----
MSA: Barnstable-Yarmouth, MA MSA PART	: Barnstable	Barnstable, Brewster, Chatham, Dennis, Eastham, Harwich, Mashpee, Orleans Sandwich, Yarmouth
PMSA: Boston, MA-NH MSA PART	: Bristol	Berkley, Dighton, Mansfield, Norton, Taunton city
MSA PART	: Essex	Amesbury, Beverly city, Danvers, Essex, Gloucester city, Hamilton, Ipswich, Lynn city, Lynnfield, Manchester, Marblehead, Middleton, Nahant, Newbury, Newburyport city, Peabody city, Rockport, Rowley, Salem city, Salisbury, Saugus, Swampscott, Topsfield, Wenham
MSA PART	: Middlesex	Acton, Arlington, Ashland, Ayer, Bedford, Belmont, Boxborough, Burlington, Cambridge city, Carlisle, Concord, Everett city, Framingham, Holliston, Hopkinton, Hudson, Lexington, Lincoln, Littleton, Malden city, Marlborough city, Maynard, Medford city, Melrose city, Natick, Newton city, North Reading, Reading, Sherborn, Shirley, Somerville city, Stoneham, Stow, Sudbury, Townsend, Wakefield, Waltham city, Watertown, Wayland, Weston, Wilmington, Winchester, Woburn city
MSA PART	: Norfolk	Bellingham, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxborough, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy city, Randolph, Sharon Stoughton, Walpole, Wellesley, Westwood, Weymouth, Wrentham
MSA PART	: Plymouth	Carver, Duxbury, Hanover, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Plymouth, Rockland, Scituate, Wareham
MSA PART	: Suffolk	Boston city, Chelsea city, Revere city, Winthrop
MSA PART	: Worcester	Berlin, Blackstone, Bolton, Harvard, Hopedale, Lancaster, Mendon, Milford,

U.S. DEPT. OF HUD FY 2003 INCOME LIMITS AREA DEFINITIONS		
STATE LIST OF COUNTIES (AND NEW ENGLAND TOWNS) IDENTIFIED BY METROPOLITAN AND NONMETROPOLITAN STATUS - MASSACHUSETTS		
----PMSA/MSA METROPOLITAN AREAS----		----- T O W N S -----
		Millville, Southborough, Upton
PMSA: Brockton, MA MSA PART	: Bristol	Easton, Raynham
MSA PART	: Norfolk	Avon
MSA PART	: Plymouth	Abington, Bridgewater, Brockton city, East Bridgewater, Halifax, Hanson, Lakeville, Middleborough, Plympton, West Bridgewater, Whitman
MSA: Fitchburg-Leominster, MA MSA PART	: Middlesex	Ashby
MSA PART	: Worcester	Ashburnham, Fitchburg city, Gardner city, Leominster city, Lunenburg, Templeton, Westminster, Winchendon
MSA: Lawrence, MA-NH MSA PART	: Essex	Andover, Boxford, Georgetown, Groveland, Haverhill city, Lawrence city, Merrimac, Methuen, North Andover, West Newbury
PMSA: Lowell, MA-NH MSA PART	: Middlesex	Billerica, Chelmsford, Dracut, Dunstable, Groton, Lowell city, Pepperell, Tewksbury, Tyngsborough, Westford
MSA: New Bedford, MA MSA PART MSA PART	: Bristol : Plymouth	Acushnet, Dartmouth, Fairhaven, Freetown, New Bedford city Marion, Mattapoisett, Rochester
MSA: Pittsfield, MA MSA PART	: Berkshire	Adams, Cheshire, Dalton, Hinsdale, Lanesborough, Lee, Lenox, Pittsfield city, Richmond, Stockbridge
PMSA: Providence-Fall River-Warwick, RI-MA MSA PART	: Bristol	Attleboro city, Fall River city, North Attleborough, Rehoboth, Seekonk, Somerset, Swansea, Westport
MSA: Springfield, MA MSA PART	: Franklin : Hampden	Sunderland Agawam, Chicopee city, East Longmeadow, Hampden, Holyoke city, Longmeadow, Ludlow, Monson, Montgomery, Palmer, Russell, Southwick, Springfield city, Westfield city, West Springfield, Wilbraham

U.S. DEPT. OF HUD FY 2003 INCOME LIMITS AREA DEFINITIONS		
STATE LIST OF COUNTIES (AND NEW ENGLAND TOWNS) IDENTIFIED BY METROPOLITAN AND NONMETROPOLITAN STATUS - MASSACHUSETTS		
----PMSA/MSA METROPOLITAN AREAS----		----- T O W N S -----
MSA PART	: Hampshire	Amherst, Belchertown, Easthampton, Granby, Hadley, Hatfield, Huntington, Northampton city, Southampton, South Hadley, Ware, Williamsburg
MSA: Worcester, MA-CT MSA PART MSA PART	: Hampden : Worcester	Holland Auburn, Barre, Boylston, Brookfield, Charlton, Clinton, Douglas, Dudley, East Brookfield, Grafton, Holden, Leicester, Millbury, Northborough, Northbridge, North Brookfield, Oakham, Oxford, Paxton, Princetown, Rutland, Shrewsbury, Southbridge, Spencer, Sterling, Sturbridge, Sutton, Uxbridge, Webster, Westborough, West Boylston, West Brookfield, Worcester city
-----NONMETROPOLITAN AREAS ----- NON MSA PART NON MSA PART	: Barnstable : Berkshire	Bourne, Falmouth, Provincetown, Truro, Wellfleet Alford, Becket, Clarksburg, Egremont, Florida, Great Barrington, Hancock, Monterey, Mount Washington, New Ashford, New Marlborough, North Adams city, Otis, Peru, Sandisfield, Savoy, Sheffield, Tyringham, Washington, West Stockbridge, Williamstown, Windsor
COUNTY	: Dukes	
NON MSA PART	: Franklin	Ashfield, Bernardston, Buckland, Charlemont, Colrain, Conway, Deerfield, Erving, Gill, Greenfield, Hawley, Heath, Leverett, Leyden, Monroe, Montague, New Salem, Northfield, Orange, Rowe, Shelburne, Shutesbury, Warwick, Wendell, Whately
NON MSA PART	: Hampden	Blandford, Brimfield, Chester, Granville, Tolland, Wales
NON MSA PART	: Hampshire	Chesterfield, Cummington, Goshen, Middlefield, Pelham, Plainfield, Westhampton, Worthington
COUNTY	: Nantucket	
NON MSA PART	: Worcester	Athol, Hardwick, Hubbardston, New Braintree, Petersham, Phillipston, Royalston, Warren

APPENDIX D

ELIGIBLE COMMUNITY DEVELOPMENT BLOCK GRANT ACTIVITIES:

Activities eligible for assistance with Massachusetts Community Block Grant Program funds are only those listed below. (In all cases, unless otherwise noted, “this title” or “Title I” refers to Title I of the Housing and Community Development Act of 1974, as amended).

1. the acquisition of real property, (including air rights, water rights, and other interests therein) which is: (a) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (b) appropriate for rehabilitation or conservation activities; (c) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (d) to be used for the provision of public works, facilities, and improvements eligible for assistance under Title I; or (e) to be used for other public purposes;
2. the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;
3. code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;
4. clearance, demolition, removal, reconstruction and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately-owned properties and including the renovation of closed school buildings);
5. special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
6. payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;
7. disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to Title I, or its retention for public purposes;
8. provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the state in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the Statement with respect to which funds are to be made available under Title I, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 percent of the amount of any assistance to a unit of general local government (or in the case of non entitled communities not more than 15 percent statewide) under this title including program income

may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, and except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through 1997 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25 percent in each such fiscal year for activities under this paragraph;

9. payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under Title I;
10. payment of the cost of completing a project funded under Title I of the Housing Act of 1949;
11. relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;
12. activities necessary to: (a) develop a comprehensive community development plan; and (b) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning and implementation;
13. payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones and payment of reasonable administrative costs and carrying charges related to: (a) administering the HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act; and (b) the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying-out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;
14. provisions of assistance including loans (both interim and long term) and grants for activities which are carried out by public or private non-profit entities, including: (a) acquisition of real property: (b) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures or other commercial and industrial real property improvements; and (c) planning;
15. assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in non-entitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c), and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner

that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

16. activities necessary to the development of energy use strategies related to recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as: (a) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions; and (b) a statement of the actions the recipient will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low- and moderate-income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;
17. provision of assistance to private, for-profit entities, when the assistance is appropriate to carry-out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that: (a) creates or retains jobs for low- and moderate-income persons; (b) prevents or eliminates slums and blight; (c) meets urgent needs; (d) creates or retains businesses owned by community residents; (e) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or (f) provides technical assistance to promote any of the activities under subparagraphs (a) through (e);
18. the rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937;
19. provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative costs as defined in paragraph (13);
20. housing services, such as housing counseling, in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based-rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;
21. provisions of assistance by recipients under this title to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;
22. provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by (a) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of micro enterprises (b) providing technical assistance, advice, and business support services (including assistance, advice and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in micro enterprise activities) to owners of micro enterprises and persons developing micro enterprises; and (c) providing general support (such as peer support programs and counseling) to owners of micro-enterprises and persons developing micro enterprises;

23. activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods;
24. provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to: (a) subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers; (b) finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers; (c) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees) (d) provide up to 50 percent of any down payment required from low- or moderate-income homebuyer; or (e) pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low or moderate income home-buyers; and
25. lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, **as implemented by regulations at 24 C.F.R. Part 35, which became effective on September 15, 2000.**

In accordance with federal regulations, no activity listed as eligible under section 105(a) of the Housing and Community Development Act of 1974 (as amended) will be specifically excluded from any component of the Massachusetts Community Block Grant Program.

APPENDIX E
MANAGEMENT ORGANIZATION
Position Classification and Wage Schedule Guide

These figures on this page and the following pages represent the range of salaries paid by grantees for these positions state-wide over the past 5 years. This page is for overall costs, the following pages are by project type (e.g., housing rehabilitation, infrastructure). Salaries represent the state as a whole and no distinction is drawn for eastern versus western Massachusetts. Indirect rate (0-111%) requires a town-wide or agency-wide cost allocation plan in conformance with OMB Circular A-87. The ranges are only a guide. Applicants should consult the appropriate town officials, and/or administering agency, to ensure consistency with local personnel policies.

Salary Costs	Range for 14 Months
Rehab Specialist	33,746 – 46,088
Secretary/Administrative Assistant	21,416 – 30,285
Finance Office/Bookkeeper	27,040 – 33,745
Program Manager (i.e., Housing, Economic Development, Infrastructure or Social Service Coordinators)	36,050 – 51,700
Director	37,207 - 56,160
Fringe Benefits (health, retirement, unemployment, etc.)	6-38% of salary costs
Non-Salary Costs	Range for 14 Months
Application Preparation	0 - 1,500
Memberships, subscriptions	200 - 1,000
Training, education	200 - 1,000
Travel	250 - 3,000
Accounting, Disbursement Service	500 - 1,500
Legal Services	1,000 - 5,000
Advertising	250 - 3,000
Reproduction, Printing	350 - 1,400
Communications	0 - 4,000
Supplies, Materials	1,200 - 3,000
Maintenance, Repairs	0 - 1,000
Audit	3,000 - 5,000
Computer and related equipment, software, internet, and network costs	800 - 6,000
Equipment	500 - 2,000
Professional Services/Management Consultants	2,000 - 30,000
Rent	0 - 5,000
Indirect Costs	0 – 111%

HOUSING REHABILITATION: PROGRAM DELIVERY COST GUIDELINES

Position	Program Size (# units)	Full Time Salary		Position FTE Total	Program FTE	Gen. Admin. FTE	Program Cost		General Admin		Total Salary	
		Minimum	Maximum				Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
CD Director	15	\$37,207	\$56,160	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
Program Manager	15	\$36,050	\$51,700	0.75	0.5	0.25	\$18,025	\$25,850	\$9,012	\$12,925	\$27,037	\$38,775
Rehab Specialist	15	\$33,746	\$46,088	0.5	0.5	0	\$16,873	\$23,044	\$0	\$0	\$16,873	\$23,044
Clerical/Bookkeeping	15	\$21,416	\$33,745	0.3	0.1	0.2	\$2,142	\$3,374	\$4,283	\$6,749	\$6,425	\$10,123
TOTAL PERSONNEL							\$37,040	\$52,286	\$13,295	\$19,674	\$50,335	\$71,942
CD Director	25	\$37,207	\$56,160	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0
Program Manager	25	\$36,050	\$51,700	1	0.5	0.5	\$18,025	\$25,850	\$18,025	\$25,850	\$36,050	\$51,700
Rehab Specialist	25	\$33,746	\$46,088	1	1	0	\$33,746	\$46,088	\$0	\$0	\$33,746	\$46,088
Clerical/Bookkeeping	25	\$21,416	\$33,745	0.5	0.2	0.3	\$4,283	\$6,749	\$6,425	\$10,123	\$10,708	\$16,872
TOTAL PERSONNEL							\$56,054	\$78,687	\$24,450	\$35,973	\$80,504	\$114,660
CD Director	35	\$37,207	\$56,160	0.25	0	0.25	\$0	\$0	\$9,302	\$14,040	\$9,302	\$14,040
Program Manager	35	\$36,050	\$51,700	1	0.5	0.5	\$18,025	\$25,850	\$18,025	\$25,850	\$36,050	\$51,700
Rehab Specialist	35	\$33,746	\$46,088	1.25	1	0.25	\$33,746	\$46,088	\$8,436	\$11,522	\$42,182	\$57,610
Clerical/Bookkeeping	35	\$21,416	\$33,745	1	0.3	0.7	\$6,425	\$10,123	\$14,991	\$23,621	\$21,416	\$33,745
TOTAL PERSONNEL							\$58,196	\$82,061	\$50,754	\$75,033	\$108,950	\$157,095
CD Director	40	\$37,207	\$56,160	0.5	0	0.5	\$0	\$0	\$18,603	\$28,080	\$18,603	\$28,080
Program Manager	40	\$36,050	\$51,700	1	0.5	0.5	\$18,025	\$25,850	\$18,025	\$25,850	\$36,050	\$51,700
Rehab Specialist	40	\$33,746	\$46,088	1.5	1.25	0.25	\$42,182	\$57,610	\$8,436	\$11,522	\$50,619	\$69,132
Clerical/Bookkeeping	40	\$21,416	\$33,745	1	0.3	0.7	\$6,425	\$10,123	\$14,991	\$23,621	\$21,416	\$33,745
TOTAL PERSONNEL							\$66,632	\$93,583	\$60,055	\$89,073	\$126,688	\$182,657

INFRASTRUCTURE: PROGRAM DELIVERY COST GUIDELINES

Position	Program Size	Full Time Salary		Position FTE	Program FTE	Gen'l Adm FTE	Program Cost		General Admin		Total Salary	
		Minimum	Maximum				Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
CD Director	installation of new water/ sewer lines, 1000-2500 LF	\$37,207	\$56,160	0.00	0.00	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Program Manager	same	\$36,050	\$51,700	0.75	0.25	0.50	\$9,012	\$12,925	\$18,025	\$25,850	\$27,037	\$38,775
Local DPW Highway Dir. or consultant	same	\$40,945	\$58,493	0.50	0.50	0.00	\$20,472	\$29,246	\$0	\$0	\$20,472	\$29,246
Clerical/Bookkeeping	same	\$21,416	\$33,745	0.30	0.00	0.30	\$0	\$0	\$6,425	\$10,123	\$6,425	\$10,123
TOTAL PERSONNEL							\$29,484	\$42,171	\$24,450	\$35,973	\$53,934	\$78,144
CD Director	Upgrade existing water/sewer lines, 1000-2500 LF	\$37,207	\$56,160	0.00	0.00	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Program Manager	same	\$36,050	\$51,700	0.60	0.20	0.40	\$7,210	\$10,340	\$14,420	\$20,680	\$21,630	\$31,020
Local DPW/Highway Dir. or consultant	same	\$40,945	\$58,493	0.30	0.30	0.00	\$12,283	\$17,548	\$0	\$0	\$12,283	\$17,548
Clerical/Bookkeeping	same	\$21,416	\$33,745	0.30	0.00	0.30	\$0	\$0	\$6,425	\$10,123	\$6,425	\$10,123
TOTAL PERSONNEL							\$19,493	\$27,888	\$20,845	\$30,803	\$40,338	\$58,691
CD Director	Reconstruct streets, sidewalks; 500-1000 LF	\$37,207	\$56,160	0.00	0.00	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Program Manager	same	\$36,050	\$51,700	0.60	0.20	0.40	\$7,210	\$10,342	\$14,420	\$20,680	\$21,630	\$31,022
Local DPW/Highway Dir. or consultant	same	\$40,945	\$58,493				\$0	\$0	\$0	\$0	\$0	\$0
Clerical/Bookkeeping	same	\$21,416	\$33,745	0.30	0.00	0.30	\$0	\$0	\$6,425	\$10,123	\$6,425	\$10,123
TOTAL PERSONNEL							\$7,210	\$10,342	\$20,845	\$30,803	\$28,055	\$41,145

APPENDIX F

PRIMARY FEDERAL REGULATIONS

All activities shall be subject to and performed in accordance with the provisions of Title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 et seq., hereinafter “the Act”), HUD regulations in 24 CFR 570 subpart I, 24 CFR Part 85 (as may be determined applicable by the Massachusetts CDBG Program), and any regulations, directives or guidelines as may be established by DHCD for the Massachusetts CDBG Program. Where appropriate, subrecipients must comply with these requirements.

All activities shall be conducted in accordance with all applicable laws, rules, regulations ordinances, orders and requirements of the Commonwealth and the federal government including, but not limited to, the following:

1. **Title VI of the Civil Rights Act of 1964** (42 U.S.C. 2000d et seq.), and HUD regulations at **24 CFR Part 1**, which prohibit discrimination based on race, color, or national origin under any program or activity receiving federal financial assistance.
2. **Title VIII of the Civil Rights Act of 1968** (42 U.S.C. 3601 et seq., known as the Fair Housing Act), which prohibits discrimination based on race, color, religion, sex, handicap, familial status, or national origin in the sale, rental, financing, or brokering of housing; and **Federal Executive Order 11063**, as amended by **Executive Order 12259**, and as implemented by regulations at **24 CFR 107**, which prohibits such discrimination in the sale or rental of property which has received federal assistance.
3. **Section 109 of the Act**, as amended (42 U.S.C. 5309), which prohibits discrimination based on race, color, national origin, religion, or sex under any program or activity receiving assistance under the Act, as well as any anti-discrimination laws which are made applicable by Section 109 to such programs or activities, including the **Age Discrimination Act of 1975** (42 U.S.C. 6101 et seq.), which prohibits discrimination on the basis of age, and **Section 504 of the Rehabilitation Act of 1973** (29 U.S.C. 794), which prohibits discrimination based on handicap.
4. **The Davis-Bacon Act** (40 U.S.C. 276a - 276a-7), as supplemented by Department of Labor regulations at **29 CFR Part 5**, which provides that laborers and mechanics employed by the Contractor or subrecipients on construction projects (consisting of 8 or more units in the case of residential property) assisted under the Act shall be paid wages determined by the Secretary of Labor, provided that Davis Bacon shall not apply to “volunteers”; and the **Contract Work Hours and Safety Standards Act** (40 U.S.C. 327 et seq.), as supplemented by Department of Labor Regulations at **29 CFR Part 5**, which contains labor standards for work on contracts financed by federal grants. The Contractor shall include these requirements in agreements with subrecipients.
5. **The National Environmental Policy Act of 1969** (42 U.S.C. 4321 et seq.), and such other provisions of law which further the purposes of the National Environmental Policy Act as are specified in **24 CFR Part 58** (entitled “Environmental Review Procedures for the Community Development Block Grant, Rental Rehabilitation, and Housing Development Grant Programs”).
6. **The Housing and Urban Development Act of 1968, Section 3** (12 U.S.C. 1701u), which requires that training and employment opportunities be made available to lower-income persons living in the community where a project assisted under the Act is located, and that contracting opportunities be made available to businesses located in or owned by persons living in such community. The Contractor shall include this requirement in agreements with subrecipients. The text of this clause is included in the Massachusetts CDBG Program Operations Manual.

7. **Title X of the Lead-Based Paint Poisoning Prevention Act** (42 U.S.C. 4831), which prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance; **24 CFR Part 570.487(c)**, which requires the elimination as far as practicable, of the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted with funds provided under this contract; and **at 24 C.F.R. Part 35, which became effective on September 15, 2000.**
8. **Regulations at 24 CFR Part 44**, containing audit requirements for units of local government receiving federal financial assistance.
9. **The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970** (42 U.S.C. 4601 et seq.), and regulations at **49 CFR Part 24, and Section 104 (d)** of the Act and regulations at **24 CFR 570.488**, which require the Contractor to adopt policies and plans designed to minimize displacement of residents and businesses, and to provide relocation benefits and assistance.
10. Regulations at **49 CFR Part 24, Subpart B, Uniform Relocation Act**, governing the acquisition of real property for activities assisted under the Act.
11. **Federal Executive Order 11246, as amended by Executive Order 11375**, and implemented by Department of Labor Regulations at **41 CFR Chapter 60**, which require the Contractor to adopt equal employment practices and cooperate with the Secretary of Labor in assuring compliance by subrecipients. The Contractor shall include this requirement in agreements with subrecipients. In addition, for all subcontracts which are nonexempt as defined in 41 CFR 60-1.5 (generally, subcontracts in excess of \$10,000), the Contractor shall include in the agreement the “equal opportunity clause” set forth in 41 CFR 60-1.4(b) for construction contracts, and in 41 CFR 60-1.4(a) for all other contracts.
12. **The Copeland Anti-Kickback Act (18 U.S.C. 874)** as supplemented by Department of Labor regulations at **29 CFR Part 3**. The Contractor shall include this requirement in agreements with subrecipients.
13. **The American with Disabilities Act of 1990** (42 U.S.C. 12101 et seq.), which prohibits discrimination against disabled individuals in private and public employment, public accommodations, public transportation, government services, and telecommunications. The Contractor shall include this requirement in agreements with subrecipients.
14. **Section 102 of the Department of housing and Urban Development Reform Act of 1989 as supplemented by HUD regulations at 24 CFR Part 12** which requires applicants to a state, or to a unit of local government, for assistance from HUD to make a number of disclosures. See specific requirements under “Special Conditions” and Exhibit A below.
15. **Administrative Requirements.** The Contractor shall comply with the provisions of **24 CFR Part 85**, “Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments”, as follows:

- Part 85.20 Standards for Financial Management Systems
- Part 85.22 Allowable Costs citing OMB Circular A-87 requirements
- Part 85.25 Program Income
- Part 85.30 Budget/Program revisions
- Part 85.31,32,33 Changes in Real Property, Equipment & Supplies
- Part 85.43 Enforcement/Termination for Cause
- Part 85.50 Close-out

16. **Political Activity Prohibited Under the Hatch Act.** None of the services to be provided by the Contractor shall be used for any partisan political activity or to further the election or defeat of any candidate for public office. The Contractor shall adhere to the provisions of the Hatch Act (5 U.S.C. 1501 et seq.) which limits political activities by employees whose principal employment is in connection with an activity which is financed in whole or in part by federal funds.

17. Regulations at **41 CFR 60-250**, implementing the Vietnam Veterans Act, which requires affirmative action obligations of Contractors and Subcontractors for Disabled Veterans and Veterans of the Vietnam Era.

18. **Conflict of Interest.** The Contractor shall adhere to the requirements of M.G.L. Chapter 268A and the HUD Conflict of Interest regulations at **24 CFR Part 570.489(h)**.

19. **Section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305)**, as amended by adding at the end of the following new subsection: (h) Prohibition of Use of Assistance for Employment Relocation Activities. Notwithstanding any other provision of law, no amount from a grant under section 106 made in fiscal year 1999 or any succeeding fiscal year may be used to assist directly in the relocation of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation is likely to result in a significant loss of employment in the labor market area from which the relocation occurs.

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